

FEDERAL REGISTER

THE NATIONAL ARCHIVES
 OF THE UNITED STATES
 1934
 VOLUME 15 NUMBER 144

Washington, Thursday, July 27, 1950

TITLE 6—AGRICULTURAL CREDIT

Chapter IV—Production and Marketing Administration and Commodity Credit Corporation, Department of Agriculture

Subchapter C—Loans, Purchases, and Other Operations

[Amdt. 1]

PART 648—POTATOES, IRISH

SUBPART—1950 IRISH POTATO PRICE SUPPORT PROGRAM

The regulations issued by Commodity Credit Corporation and the Production and Marketing Administration published in 15 F. R. 3605, containing the requirements with respect to the 1950 Irish Potato Price Support Program are hereby amended as follows:

Section 648.217, *Setoffs*, is amended to read as follows:

§ 648.217 *Setoffs*. If the vendor is indebted to CCC, whether or not such indebtedness is listed on the county debt register, CCC will set off such indebtedness against the portion of the proceeds of the purchase by CCC which remains after deduction of amounts due prior lienholders. If the vendor is indebted to any other agency of the United States and such indebtedness is listed on the county debt register, such indebtedness will also be set off against the proceeds of purchase, as hereinbefore stated. Any such indebtedness to another agency of the United States not listed on the county debt register may be set off against the proceeds of purchase if the appropriate official of CCC so directs. If any installments past due or maturing within twelve months are unpaid on a loan to a producer-vendor made available by CCC on farm storage facilities, whether held by CCC or a lending agency, CCC will set off such indebtedness as hereinbefore stated. Indebtedness owing to CCC or to a lending agency shall be given first consideration after claims of prior lienholders. Setting off in accordance with this section shall not deprive the vendor of the right to contest the justness of the indebtedness involved, either by administrative appeal or by legal action.

(Sec. 4, 62 Stat. 1070, as amended; 15 U. S. C. Sup., 714b. Interprets or applies Pub. Laws 439, 471, 81st Cong.)

Issued this 21st day of July 1950.

[SEAL] ELMER F. KRUSE,
Vice-President,
Commodity Credit Corporation.

Approved:

RALPH S. TRIGG,
President,
Commodity Credit Corporation.

[F. R. Doc. 50-6600; Filed, July 26, 1950;
8:54 a. m.]

TITLE 7—AGRICULTURE

Chapter I—Production and Marketing Administration (Standards, Inspections, Marketing Practices), Department of Agriculture

PART 46—REGULATIONS (OTHER THAN RULES OF PRACTICE) UNDER THE PERISHABLE AGRICULTURAL COMMODITIES ACT, 1930

LICENSE; FEES

In accordance with Public Law 554, 81st Cong., 2d Sess., approved June 15, 1950, and the Perishable Agricultural Commodities Act, 1930, as amended (46 Stat. 531, as amended; 7 U. S. C. 499a et seq.), the regulations (7 CFR Part 46) issued thereunder are amended, as of the effective time hereinafter specified, in the following respects:

1. Revise § 46.6 *License fees* to read:

§ 46.6 *License fee*. Each application shall be accompanied by the license fee of fifteen dollars (\$15) in cash or in the form of a money order, bank draft, cashier's check, or certified check made payable to the Treasurer of the United States, and the application and fee shall be forwarded to the Director, Fruit and Vegetable Branch, Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C. Thereafter the annual fee of fifteen dollars (\$15) required by the act shall be remitted in the same manner.

2. Revise § 46.7 *Issuance of license* to read:

§ 46.7 *Issuance of license*. Upon receipt of a properly prepared application

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Published daily, except Sundays, Mondays, and days following official Federal holidays, by the Division of the Federal Register, National Archives and Records Service, General Services Administration, pursuant to the authority contained in the Federal Register Act, approved July 26, 1935 (49 Stat. 500, as amended; 44 U. S. C., ch. 8B), under regulations prescribed by the Administrative Committee of the Federal Register, approved by the President. Distribution is made only by the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

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The following Pocket Supplements are now available:

Title 43 (\$0.35)

Titles 44-45 (\$0.25)

Previously announced: Titles 4-5 (\$0.30); Title 6 (\$1.00); Title 7: Parts 1-209 (\$0.55); Parts 210-899 (\$0.75); Parts 900 to end (\$0.75); Title 8 (\$0.20); Title 9 (\$0.20); Titles 10-13 (\$0.20); Title 14: Parts 1-399 (\$1.50); Parts 400 to end (\$0.30); Title 15 (\$0.40); Title 16 (\$0.25); Title 17 (\$0.20); Title 18 (\$0.20); Title 19 (\$0.20); Title 20 (\$0.20); Title 21 (\$0.30); Titles 22-23 (\$0.25); Title 24 (\$0.55); Title 25 (\$0.20); Title 26: Parts 1-79 (\$0.20); Parts 80-169 (\$0.25); Parts 170-182 (\$0.25); Parts 183-299 (\$0.30); Title 26: Parts 300 to end; and Title 27 (\$0.25); Titles 28-29 (\$0.30); Titles 30-31 (\$0.25); Title 32 (\$1.00); Title 33 (\$0.25); Titles 35-37 (\$0.20); Title 38 (\$0.50); Titles 40-42 (\$0.25)

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accompanied by the proper fee for a license, the Secretary shall, if the applicant is found to be eligible, issue a license certifying that the licensee is authorized to engage in the business of a commission merchant, dealer, or broker. The fee so tendered, together with any arrearage fees and any penalty assessed by the Secretary in accordance with the provisions of the act, shall be deposited as soon as practicable in a special fund designated as the "Perishable Agricultural Commodities Act fund." If the license is denied, the fee shall be refunded to the applicant. Fees received for either renewal or reinstatement of a license shall be handled in the same manner as other fees mentioned herein.

3. Revise § 46.9 *Termination of license; notice; reinstatement* to read:

§ 46.9 *Termination of license; notice; renewal.* Thirty days or more prior to the anniversary date of a license, the Director of the Branch shall mail a notice to the licensee at the latest address known to the Director of the Branch, advising that the license will automatically terminate on its anniversary date unless the annual fee of \$15 is paid on or before such date. If the annual fee is not paid by the anniversary date the licensee may obtain a renewal of that license at any time within thirty days by paying a fee of \$20.

4. Revise § 46.14 *Arrearage fees* to read:

§ 46.14 *Arrearage fees.* Arrearage fees to be paid by an applicant shall be computed on a basis of $\frac{1}{12}$ of the annual fee of \$15, or \$1.25 per calendar month or fraction thereof from the time the applicant was required by the act to be licensed to the date application and valid fee were submitted for a license.

It is hereby found that it is impracticable to give preliminary notice, engage in public rule-making procedure, and postpone the effective date hereof until 30 days after publication thereof in the FEDERAL REGISTER (60 Stat. 237; 5 U. S. C. 1001 et seq.) because the changes hereby made are to bring the regulations into conformity with the act, as amended June 15, 1950. The fees are mandatory and could not be varied as a result of any rule-making procedure.

(Sec. 15, 46 Stat. 537, as amended; 7 U. S. C. and Sup., 4990)

The provisions hereof shall be effective as of June 16, 1950.

Done at Washington, D. C., this 24th day of July 1950.

[SEAL] CHARLES F. BRANNAN,
Secretary.

[F. R. Doc. 50-6576; Filed, July 26, 1950; 8:50 a. m.]

PART 51—FRESH FRUITS, VEGETABLES, AND OTHER PRODUCTS (INSPECTION, CERTIFICATION, AND STANDARDS)

UNITED STATES CONSUMER STANDARDS FOR FRESH KALE

On June 13, 1950, a notice of rule making was published in the FEDERAL REGISTER (F. R. Doc. 50-5058; 15 F. R. 3686) regarding proposed United States Consumer standards for Fresh Kale. After consideration of all relevant matters presented, including the proposals set forth in the aforesaid notice, the following United States Consumer Standards for Fresh Kale are hereby promulgated under the authority contained in the Agricultural Marketing Act of 1946 (60 Stat. 1087; 7 U. S. C. 1621, et seq.).

§ 51.255 *Consumer standards for fresh kale*—(a) *Grades*—(1) *U. S. Grade A*. U. S. Grade A shall consist of leaves

or parts of leaves of kale of one type which are fresh, fairly tender, clean, well trimmed and of characteristic color for the type; which are free from decay, small pieces of leaves, and leaf stems without blades, and are free from damage caused by discoloration, seedstems, bud burn, freezing, foreign material, disease, insects or mechanical or other means. Leaves or parts of leaves of kale on the shown face shall be reasonably representative in size and quality of the contents of the container.

(i) Incident to proper grading and handling, not more than 3 percent, by weight, of the kale in any lot may be small pieces of leaves, and not more than 5 percent may fail to meet the remaining requirements of the grade, including not more than 2 percent for leaves or parts of leaves which are seriously damaged.

(2) *U. S. Grade B*. U. S. Grade B shall consist of leaves or parts of leaves of kale which meet the requirements of U. S. Grade A, except that they need be only reasonably clean; and except that those with only the edges affected with bronze or slight yellowish color, but not dried, shall be permitted in this grade; and except for the increased tolerances for defects specified below:

(i) Incident to proper grading and handling, not more than 5 percent, by weight, of the kale in any lot may be small pieces of leaves, and not more than 10 percent may fail to meet the remaining requirements of the grade, including not more than 4 percent for leaves or parts of leaves which are seriously damaged.

(b) *Off-Grade kale*. Leaves or parts of leaves of kale which fail to meet the requirements of either of the foregoing grades shall be Off-Grade kale.

(c) *Definitions*—(1) *One type*. "One type" means that the kale is generally of the same color and character of growth. No mixture of types shall be permitted which materially affects the appearance of the lot.

(2) *Fresh*. "Fresh" means that the leaves or parts of leaves are not more than slightly wilted.

(3) *Fairly tender*. "Fairly tender" means that leaves and parts of leaves are not tough or excessively fibrous.

(4) *Clean*. "Clean" means that the kale does not show more than a trace of grit, sand, dirt, silt, muck or other water insoluble inorganic material.

(5) *Well trimmed*. "Well trimmed" means that the leaf stems (petioles) have been cut or broken off within $\frac{1}{2}$ inch of the blade.

(6) *Small pieces of leaves*. "Small pieces of leaves" means parts of leaves which are smaller in area than a circle one inch in diameter.

(7) *Damage*. "Damage" means any injury or defect which materially affects the appearance, or the edible, shipping or keeping quality of the individual leaves or parts of leaves or the lot as a whole. The following defects or any combination of defects the seriousness of which exceeds the amount allowed for any one defect shall be considered as damage:

(i) *Discoloration*, when the appearance of the leaf or part of a leaf is materially affected.

(ii) *Mechanical damage*, when the leaf or part of a leaf is very badly crushed, torn or broken.

(8) *Serious damage*. "Serious damage" means any injury or defect which seriously affects the appearance, or the edible, shipping or keeping quality of the individual leaves or parts of leaves or the lot as a whole. The following defects or any combination of defects the seriousness of which exceeds the amount allowed for any one defect shall be considered as serious damage:

(i) Leaves or parts of leaves which are badly discolored.

(ii) Leaves or parts of leaves on which worms or worm frass are present, or leaves or parts of leaves on which there is more than slight infestation by other insects.

(iii) Leaves which are affected by soft rot.

(iv) Weeds, grass or pieces thereof, and other extraneous matter.

(9) *Reasonably clean*. "Reasonably clean" means that the kale is reasonably free from grit, sand, dirt, silt, muck and other water insoluble inorganic material.

(d) *Effective time*. The United States Consumer Standards for Fresh Kale contained in this section shall become effective thirty (30) days after the date of publication in the FEDERAL REGISTER.

(Sec. 205, 60 Stat. 1090; 7 U. S. C. 1624)

Done at Washington, D. C., the 21st day of July 1950.

[SEAL] ROY W. LENNARTSON,
Acting Assistant Administrator,
Production and Marketing
Administration.

JULY 21, 1950.

[F. R. Doc. 50-6598; Filed, July 26, 1950; 8:54 a. m.]

Chapter IX—Production and Marketing Administration (Marketing Agreements and Orders), Department of Agriculture

[Docket Nos. AO-14, A17, A18]

PART 904—MILK IN THE GREATER BOSTON, MASSACHUSETTS, MARKETING AREA

ORDER AMENDING THE ORDER, AS AMENDED, REGULATING HANDLING

§ 904.0 *Findings and determinations*. The findings and determinations herein-after set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid order and each of the previously issued amendments thereto; and all of said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) *Findings upon the basis of the hearing record*. Pursuant to the provisions of the Agricultural Marketing

Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure, as amended, governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held at Boston, Massachusetts, on January 30-31, and February 1, 1950, upon a proposed amendment to the tentative marketing agreement and to the order, as amended, regulating the handling of milk in the Greater Boston, Massachusetts, marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order, as amended, and as hereby further amended, and all of the terms and conditions of said order, as amended, and as hereby further amended, will tend to effectuate the declared policy of the act;

(2) The parity prices of milk as determined pursuant to section 2 of the act are not reasonable in view of the price of feeds, available supplies of feeds and other economic conditions which affect market supply of and demand for milk in the marketing area, and the minimum prices specified in the order, as amended, and as hereby further amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk and be in the public interest; and

(3) The said order, as amended, and as hereby further amended, regulates the handling of milk in the same manner as and is applicable only to persons in the respective classes of industrial and commercial activity specified in a marketing agreement upon which a hearing has been held.

(b) *Additional findings.* It is necessary to make the present amendment to the said order, as amended, effective not later than August 1, 1950, to reflect current marketing conditions. Any further delay in the effective date of this amendment to said order, as amended, will seriously disrupt the orderly marketing of milk for the Greater Boston, Massachusetts marketing area. The changes effected by this order amending the order, as amended, do not require of persons affected substantial or extensive preparation prior to the effective date. In view of the foregoing, it is hereby found and determined that good cause exists for making this order, amending the order, as amended, effective August 1, 1950, and that it is impractical, unnecessary, and contrary to the public interest to delay the effective date of this order for 30 days after its publication in the FEDERAL REGISTER. (Sec. 4 (c), Administrative Procedure Act, 60 Stat. 237, 5 U. S. C. 1001-1011)

(c) *Determinations.* It is hereby determined that handlers (excluding cooperative associations of producers who are not engaged in processing, distributing or shipping milk covered by this order, amending the order, as amended, which is marketed within the Greater Boston, Massachusetts, marketing area) of more than 50 percent of the volume of milk covered by this order, as amended, and as hereby further amended, refused or failed to sign the proposed marketing agreement regulating the

handling of milk in the said marketing area, and it is hereby further determined that:

(1) The refusal or failure of such handlers to sign said proposed marketing agreement tends to prevent the effectuation of the declared policy of the act;

(2) The issuance of this order amending the order, as amended, is the only practical means, pursuant to the declared policy of the act, of advancing the interests of producers of milk which is produced for sale in the said marketing area; and

(3) The issuance of this order amending the order, as amended, is approved or favored by at least two-thirds of the producers who participated in the referendum and who, during the determined representative period (November 1949), were engaged in the production of milk for sale in the said marketing area.

ORDER RELATIVE TO HANDLING

It is therefore ordered, That on and after the effective date hereof, the handling of milk in the Greater Boston, Massachusetts, marketing area, shall be in conformity to and in compliance with the terms and conditions of the aforesaid order, as amended, and as hereby further amended, and the aforesaid order, as amended, is hereby further amended as follows:

1. Revise § 904.1 (b) (9) to read as follows:

(9) "Buyer-handler" means any handler who operates a bottling or processing plant from which more than 10 percent of his total receipts of fluid milk products other than cream are disposed of by him as Class I milk in the marketing area, and whose entire supply of fluid milk products is received from other handlers.

2. Revise § 904.1 (d) (6) (ii) to read as follows:

(ii) All fluid milk products, other than cream, received at a regulated plant from an unregulated plant, up to the total quantity of nonpool milk received at the unregulated plant; except that receipts from a New York order pool plant which are assigned to Class I milk pursuant to § 904.5 (e) and receipts of emergency milk shall not be considered outside milk; and

3. Revise § 904.5 (e) to read as follows:

(e) *Receipts from New York order pool plants.* Receipts of fluid milk products from New York order pool plants shall be assigned to Class II milk, except as provided in paragraph (f) of this section, and except that receipts during the months of August through March which are classified in Class I-A or I-B under the New York order shall be assigned to Class I milk.

4. Revise the first sentence of § 904.6 (h) to read as follows:

(h) *Retention of records.* All books and records required under this order to be made available to the market administrator shall be retained by the handler for a period of three years to begin at the end of the calendar month to which such books and records per-

tain: *Provided,* That if, within such three-year period, the market administrator notifies the handler in writing that the retention of such books and records, or of specified books and records, is necessary in connection with a proceeding under section 8c (15) (A) of the act or a court action specified in such notice, the handler shall retain such books and records, until further written notification from the market administrator.

5. In § 904.7 (e) after the words "During the months of April, May, June and July" insert the words "of any year, and during August and September of 1950."

6. Revise § 904.7 (e) (4) to read as follows:

(4) Subtract such portion of the quantity determined in subparagraph (3) of this paragraph as was made into salted butter and disposed of by the handler or such second person in a form other than salted butter.

7. In § 904.7 (a) (6) and (7) delete the words "For any month after December 1948".

8. In § 904.7 (d) change the reference from M No. 5 to M No. 6.

9. In § 904.8 (b) (7) change the second sentence to read as follows: "This result, which is the minimum blended price for milk containing 3.7 percent butterfat received from producers at plants located in the 201-210 freight mileage zone, shall be known as the basic blended price."

10. Revise § 904.9 (b) to read as follows:

(b) *Final payments.* Each pool handler shall make payment for the total value of milk received during such month as required to be computed pursuant to § 904.8 (a), as follows:

(1) On or before the 25th day after the end of each month to each producer at not less than the basic blended price per hundredweight, subject to the differentials provided in paragraphs (d) and (e) of this section, for the quantity of milk delivered by such producer; and

(2) To producers, through the market administrator, by paying to, on or before the 23d day after the end of each month, or receiving from the market administrator, on or before the 25th day after the end of each month, as the case may be, the amount by which the payments at the basic blended price adjusted by the plant and farm location differentials provided in paragraph (e) of this section are less than or exceed the value of milk as required to be computed for each such handler pursuant to § 904.8 (a), as shown in a statement rendered by the market administrator on or before the 20th day after the end of such month.

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. and Sup., 608c)

Issued at Washington, D. C., this 24th day of July 1950, to be effective on and after the 1st day of August 1950.

[SEAL]

CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 50-6575; Filed, July 26, 1950; 8:49 a. m.]

PART 951—TOKAY GRAPES GROWN IN CALIFORNIA

DETERMINATION RELATIVE TO EXPENSES AND FIXING OF RATE OF ASSESSMENT FOR 1950-51 SEASON

Notice was published in the June 21, 1950, daily issue of FEDERAL REGISTER (15 F. R. 3986) that consideration was being given to proposals regarding the expenses and the fixing of the rate of assessment for the 1950-51 season under the marketing agreement, as amended, and Order No. 51, as amended (7 CFR Part 951; 14 F. R. 440) regulating the handling of Tokay grapes grown in the State of California, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended.

After consideration of all relevant matters presented, including the proposals set forth in the aforesaid notice which were submitted by the Industry Committee (established pursuant to said amended marketing agreement and order), it is hereby found and determined that:

§ 951.205 *Expenses and rate of assessment for the 1950-51 season*—(a) *Expenses.* Expenses that are reasonable and likely to be incurred by the Industry Committee, established pursuant to the provisions of the aforesaid amended marketing agreement and order, to enable such committee to perform its functions, in accordance with the provisions thereof, during the season beginning April 1, 1950, will amount to \$36,550.00.

(b) *Rate of assessment.* The rate of assessment, which each handler who first ships Tokay grapes shall pay as his pro rata share of the aforesaid expenses in accordance with the applicable provisions of said amended marketing agreement and order is hereby fixed at twenty-five mills (\$0.025) per hundred pounds of Tokay grapes shipped by such handler during said season.

(c) The provisions hereof shall become effective 30 days after publication in the FEDERAL REGISTER.

As used in this section, the terms "handler," "ships," "shipped," and "season" shall have the same meaning as when used in said amended marketing agreement and order.

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. and Sup., 608c)

Done at Washington, D. C., this 24th day of July 1950.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 50-6574; Filed, July 26, 1950; 8:49 a. m.]

TITLE 14—CIVIL AVIATION

Chapter I—Civil Aeronautics Board

[Regs., Serial No. SR-347]

PART 34—FLIGHT NAVIGATOR CERTIFICATES

LIMITED CERTIFICATES

Adopted by the Civil Aeronautics Board at its office in Washington, D. C., on the 20th day of July 1950.

Currently effective Part 34 of the Civil Air Regulations requires an applicant

for a flight navigator certificate to have a specified amount of experience in flight navigation and to accomplish a prescribed written examination in addition to a practical examination in the operation of flight navigational equipment. The Board has been advised by the Administrator that there is an urgent need for flight navigators by air carriers who are under contract with the military services, but that there is an insufficient number of individuals currently certificated and available for employment by these carriers. It appears that there are numerous individuals who have the practical experience and skill, but who do not hold flight navigator certificates and who are unable to accomplish the prescribed written examination prior to their being needed by the air carriers for such military operations. It will be noted that such carriers cannot under current regulations engage in long overwater flights without a flight navigator being included as a member of the flight crew.

In view of the above the Administrator has requested the Board to authorize the issuance of flight navigator certificates to individuals having prior military service as flight navigators who may not, at the time of application, fully meet the knowledge requirements specified in Part 34, but who can demonstrate to the Administrator their competence to navigate aircraft in flight. The Board has been further requested to limit the exercise of the privileges of a flight navigator certificate issued to such individuals only to those operations which are conducted by an air carrier pursuant to a contract with military services. We have been further requested to limit the duration of such certificate to a period not to exceed 3 months and to require such holder thereof to meet all of the requirements of Part 34 should he desire to exercise the privilege of a flight navigator subsequent to such 3-month period.

The Board believes that individuals who have had prior military service as flight navigators and who can demonstrate their ability to navigate aircraft in flight can be considered competent to act as flight navigators if they satisfactorily accomplished the practical examination prescribed in Part 34 and such written examination as the Administrator considers necessary to determine the applicant's knowledge of flight navigation. We believe that a former military navigator who has had at least 6 months service with the military services can meet the prescribed experience requirements. For administrative purposes a certificate issued pursuant to this Special Civil Air Regulation shall be termed a "limited flight navigator certificate". In view of the short duration of such a certificate, it is considered advisable to permit the holder of a limited flight navigator certificate, who has failed to accomplish satisfactorily any part of the examination for the issuance of a flight navigator certificate to apply for reexamination on the part failed, upon approval by the Administrator, without waiting the currently prescribed 30-day period.

For the reasons stated above, notice and public procedure hereon are impracticable and contrary to the public

interest, and the Board finds that good cause exists for making this Special Civil Air Regulation effective on less than 30 days' notice.

In consideration of the foregoing the Civil Aeronautics Board hereby makes and promulgates a Special Civil Air Regulation effective immediately, to read as follows:

1. Contrary provisions of the Civil Air Regulations notwithstanding, the Administrator may issue a limited flight navigator certificate to an individual who meets the following requirements:

(a) The applicant for such certificate shall have served on active duty as a rated navigator with the military services for at least six months since December 7, 1941;

(b) The applicant shall meet the requirements of §§ 34.2 through 34.5 and 34.8; and

(c) The applicant shall satisfactorily accomplish such written examination as may be prescribed by the Administrator.

2. The holder of a limited flight navigator certificate may exercise the same privileges as the holder of a flight navigator certificate issued in accordance with Part 34 of the Civil Air Regulations except that he may act as a flight navigator only in those operations which are conducted by an air carrier pursuant to a contract entered into by that air carrier with the military services.

3. A limited flight navigator certificate shall remain in effect for a period no longer than 3 months and shall not be renewable.

4. A flight navigator certificate shall be issued to the holder of a limited flight navigator certificate, if such holder accomplishes successfully the written examination prescribed in § 34.7. If such individual fails to accomplish satisfactorily any part of such written examination he may, with the approval of the Administrator, apply notwithstanding the provisions of § 34.13, at any time, for reexamination on the part failed.

This regulation shall terminate December 31, 1951, unless sooner superseded or rescinded.

(Sec. 205, 52 Stat. 984; 49 U. S. C. 425. Interprets or applies secs. 601, 602, 52 Stat. 1007, 1008, as amended; 49 U. S. C. and Sup., 551, 552)

By the Civil Aeronautics Board.

[SEAL] FRED A. TOOMBS,
Acting Secretary.

[F. R. Doc. 50-6595; Filed, July 26, 1950; 8:52 a. m.]

TITLE 26—INTERNAL REVENUE

Chapter I—Bureau of Internal Revenue, Department of the Treasury

Subchapter C—Miscellaneous Excise Taxes

[T. D. 5798]

PART 178—WINE

A proposed Treasury decision amending Part 178 (Regulations 7), published as a notice of proposed rule making in the FEDERAL REGISTER of June 8, 1950, 15 F. R. 3584, is hereby adopted as proposed, with the following changes:

1. Sections 178.35 and 178.436 have been revised.

2. Minor changes of an editorial or clarifying nature have been made in §§ 178.70, 178.106b, 178.122, 178.483b, and 178.487.

3. Section 178.87 has been deleted.

4. All changes are shown on the attached copy of the notice.

[SEAL] GEO. J. SCHOENEMAN,
Commissioner of Internal Revenue.

Approved: July 21, 1950.

THOMAS J. LYNCH,
Acting Secretary of the Treasury.

1. The act of February 21, 1950 (Pub. Law 443, 81st Cong.), effective September 1, 1950, amending the Internal Revenue Code, provides in part as follows:

Section 2901 of the Internal Revenue Code, as amended, is amended to read as follows:
(a) *Extent.* No tax shall be collected in respect of distilled spirits lost or destroyed while in bond, except that such tax shall be collected—

(1) *Theft.* In the case of loss by theft unless the Commissioner shall find that the theft occurred without connivance, collusion, fraud, or negligence on the part of the distiller, warehouseman, owner, consignor, consignee, bailee, or carrier, or the employees of any of them; and

(2) *Voluntary destruction.* In the case of voluntary destruction unless the distilled spirits were unfit for use for beverage purposes and the distiller, warehouseman, or other person responsible for the tax, obtained the written permission of the Commissioner for such destruction in each case.

(b) *Proof of loss.* In any case in which spirits are lost or destroyed, whether by theft or otherwise, the Commissioner may require the distiller or warehouseman or other person responsible for the tax to file a claim for relief from the tax and submit proof as to the cause of such loss. In every case where it appears that the loss was by theft, the burden shall be upon the distiller or warehouseman or other person responsible for the tax to establish to the satisfaction of the Commissioner that such loss did not occur as the result of connivance, collusion, fraud, or negligence on the part of the distiller, warehouseman, owner, consignor, consignee, bailee, or carrier, or the employees of any of them.

(c) *Refund of tax.* When, in any case where the tax would not be collectible by virtue of subsection (a), but such tax has been paid, the Commissioner shall refund such tax. Nothing in section 2901 as hereby amended, or as heretofore amended, shall be construed to authorize refund of the tax where the loss occurred after the tax was paid.

(d) *Insurance coverage.* The abatement or refund of taxes provided for by subsections (a) and (c) in the case of loss of distilled spirits by theft shall only be allowed to the extent that the claimant is not indemnified against or recompensed for such loss.

(e) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see section 3170.

2. Pursuant to the foregoing provision of law, Regulations 7, approved September 21, 1945 (26 CFR Part 187) as amended, are hereby amended as follows:

(a) Sections 178.5, 178.35, 178.67, 178.70, 178.86, 178.96, 178.97, 178.114, 178.121, 178.122, 178.123, 178.436, 178.467, 178.477, 178.480, 178.482, 178.483, 178.484, 178.485, 178.486, 178.487, 178.488, 178.490, 178.491, and 178.492 are amended;

(b) Sections 178.106b, 178.480a, 178.480b, 178.482a, 178.483a, 178.483b, 178.483c, and 178.483d are added; and

(c) Sections 178.107a and 178.481 are revoked.

DEFINITIONS

§ 178.5 Definitions. . . .

(1-1) "Gallon" or "wine gallon" shall mean a United States gallon of liquid measure equivalent to the volume of 231 cubic inches.

(r-1) "Proof" shall mean the ethyl alcohol content of a liquid at 60 degrees Fahrenheit, stated as twice the percent of ethyl alcohol by volume.

(r-2) "Proof gallon" shall mean the alcoholic equivalent of a United States gallon at 60 degrees Fahrenheit, containing 50 percent of ethyl alcohol by volume.

(r-3) "Proof spirits" shall mean that alcoholic liquor which contains 50 percent of ethyl alcohol by volume at 60 degrees Fahrenheit and which has a specific gravity of 0.93418 in air at 60 degrees Fahrenheit referred to water at 60 degrees Fahrenheit as unity.

(53 Stat. 307, 375, 477, 26 U. S. C. 2829, 3176, 3901)

OTHER EQUIPMENT, INSTRUMENTS, AND MEASURES

§ 178.35 *Testing scales.* Scales (other than wagon, truck, or railroad car platform scales) used to weigh wine, brandy, or winemaking or ameliorating materials received, used, or removed, will be tested from time to time by winemakers. Tests of scales, by State, county, or municipal authorities, or by responsible scale companies, will be accepted in lieu of the prescribed tests by the winemaker, but if such tests are not made from time to time, as herein required, additional tests must be made by the winemaker. In case a scale is found to be inaccurate for any reason, it shall not be used while it is in such condition. Where a Government officer is assigned to the winery or storeroom, the test shall be made under the officer's supervision.

(53 Stat. 375, 477; 26 U. S. C. 3176, 3901)

EXECUTION OF BONDS AND CONSENTS OF SURETY

§ 178.67 Individual sureties. . . .

(f) *Investigation.* The district supervisor must cause an investigation to be made of all the facts stated in the surety's affidavit on Form 33 and supporting documents, and shall forward one copy of the report of such investigation to the Commissioner with the qualifying documents specified in § 178.113. District supervisors should exercise great care in deciding upon the sufficiency of the security afforded by individual sureties, and should from time to time make such inquiries as are deemed necessary to determine that such security is still sufficient.

(53 Stat. 348 as amended, 350 as amended, 351, 354, 375, 477; 26 U. S. C. 3031, 3032, 3033, 3040, 3176, 3901)

§ 178.70 *Consents of surety.* Consents of surety to a change in the terms of a

bond must be executed on Form 1533, in as many copies as are required of the bond which they affect, by the principal and all sureties with the same formality and proof of authority to execute as are required for the execution of bonds. Form 1533 will be used by obligors on collateral bonds as well as those on surety bonds. The Form 1533 must properly identify the bond affected thereby and state specifically and precisely what is covered by the extended terms thereof. If the surety is a corporation, the consent may be executed by an agent or attorney in fact duly authorized so to do by power of attorney filed by the surety with the appropriate district supervisor, or the consent may be executed by the home office officials of such corporate surety: *Provided*, That in cases where the saving of time is an element, the consent may be executed by an agent or attorney in fact where the home office officials, by specific direction, order its execution. A copy of such specific direction should be attached to each copy of such consent.

(53 Stat. 375, 477; 26 U. S. C. 3176, 3901)

CHANGE IN BONDED PREMISES

§ 178.86 *Extension or curtailment of premises.* Where it is desired to extend or curtail the bonded premises or to take in or cut off a room or building on the bonded premises, a new application, Form 698, plat and plan, or supplemental plat and plan, must be filed by the proprietor. The additional premises covered by an extension may not be used for winery purposes, and the portion of the winery premises to be excluded by curtailment may not be used for other than winery purposes prior to approval of the application, Form 698, plat and plan, if required, filed in connection therewith.

(53 Stat. 354, 375, 477; 26 U. S. C. 3040, 3176, 3901)

CHANGES IN PROPRIETORSHIP

§ 178.96 *Change in partnership.* The withdrawal of one or more members of a partnership or the taking in of a new partner, whether active or silent, shall constitute a change in proprietorship. Likewise, except as provided in paragraph (a) of this section, the death, bankruptcy, or adjudicated insolvency of one or more of the copartners results in a dissolution of the partnership and, consequently, a change in proprietorship. Where such a change in proprietorship of the premises occurs, the successor must qualify in the same manner as a new applicant, except that he may adopt the plat and plan on file, as provided in § 178.95.

(53 Stat. 348 as amended, 350 as amended, 351, 354, 375, 477; 26 U. S. C. 3031, 3032, 3033, 3040, 3176, 3901)

§ 178.97 *Reincorporation.* Where a corporation is reorganized and a new charter or certificate of incorporation is secured, the new corporation must qualify in the manner prescribed by § 178.95.

(53 Stat. 343 as amended, 350 as amended, 351, 354, 375, 477; 26 U. S. C. 3031, 3032, 3033, 3040, 3171, 3176, 3901)

ACTION BY DISTRICT SUPERVISOR

§ 178.106b *Authority to approve.* District supervisors are authorized to approve all applications, bonds, consents of surety and other qualifying documents required by this part.

(53 Stat. 373 as amended, 375, 477; 26 U. S. C. 3170, 3176, 3901)

ORIGINAL ESTABLISHMENT

§ 178.114 *Disapproval of qualifying documents.* If the district supervisor finds that the applicant has not complied in all respects with the requirements of the law and this part, or that the bond should be disapproved under § 178.75, he will note his disapproval on the application, and shall return to the applicant by registered mail, one copy of the disapproved application, together with all copies of the qualifying documents and all copies of the bond without action thereon. The district supervisor shall forward one copy of the disapproved application to the Commissioner and will advise him fully respecting the disapproval thereof. He shall retain the remaining papers in his files. If the applicant is not entitled to a basic permit, the district supervisor will, upon disapproval of the application therefor, return all copies of the qualifying documents to the applicant without action thereon.

(53 Stat. 311, 354, 375, 477; 26 U. S. C. 2815, 3040, 3176, 3901)

TERMINATION OF BONDS

§ 178.121 *Action on application for notice of termination—(a) Winemaker's bond.* When an application for the issuance of notice of the termination of a winemaker's bond, as to liability for future transactions, is filed with the district supervisor in accordance with the provisions of § 178.120, the district supervisor will make a complete examination of the records of his office to determine whether there is any liability outstanding against the bond. He will also ascertain from the collector of internal revenue whether there are any outstanding, unpaid assessments or demands for taxes on wines produced or received, or brandy received, under the bond. If it is found that any such wines or brandy have not been accounted for, or that outstanding assessments or demands for payment of taxes chargeable against the bond have not been paid, the district supervisor will disapprove the application, unless the liability is settled. If the district supervisor finds that the bond may properly be terminated, he will issue notice of termination thereof in accordance with § 178.122.

(53 Stat. 375, 477; 26 U. S. C. 3176, 3901)

§ 178.122 *Notice of termination—(a) Winemaker's bond.* Upon approval of an application for the issuance of notice of the termination of a winemaker's bond, Form 700-A, as to liability for future transactions, the district supervisor will execute "Notice of Termination" on Form 1490 where a superseding bond has been approved, or "Notice of Release" on Form 1491 where the principal has discontinued business and removed all the wines and brandy from the bonded winery or

storeroom, in quadruplicate (in quintuplicate if there are two sureties), and will forward the original, together with one copy of the application, to the Commissioner, one copy to each obligor on the bond, and retain one copy on file in his office with the bond to which it relates.

(53 Stat. 375, 477; 26 U. S. C. 3176, 3901)

§ 178.123 *Release of collateral—(a) Winemaker's bond.* The release of collateral pledged and deposited with the United States to support bonds required by this part will be in accordance with the provisions of Department Circular 154, revised (31 CFR Part 225), subject to the conditions governing the issuance of notices on Forms 1490 and 1491 of the termination of such bonds. Upon approval of an application for the issuance of notice of the termination of a winemaker's bond supported by collateral security, the district supervisor will fix the date or dates on which a part or all of the security may be released. In fixing such date, which ordinarily will be not less than six months from the date of determination that there is no outstanding liability against the bond, the district supervisor will satisfy himself that the interests of the Government will not be jeopardized. Collateral pledged and deposited to support a winemaker's bond, will not be released by the district supervisor until liability under the bond has been terminated. At any time prior to the release of such collateral security, the district supervisor may, in his discretion, and for proper cause, further extend the date of release of the security for such additional length of time as in his judgment may be appropriate.

(b) *Export or transfer to customs manufacturing bonded warehouse bonds.* Collateral pledged and deposited to support an export bond, or a bond covering transportation to customs manufacturing bonded warehouse, will ordinarily be released by the district supervisor upon issuance of notice of release of the bond, Form 1491.

(44 Stat. 122, as amended; 6 U. S. C. 15; 53 Stat. 375, 477; 26 U. S. C. 3176, 3901)

FORTIFYING ROOM

§ 178.436 *Scales and weighing tanks.* The proprietor must provide in the fortifying room suitable and accurate scales for gauging brandy received and used, except where all brandy used is conveyed by pipeline directly to the fortifying tank immediately after gauging at the distillery or bonded warehouse. Where brandy is received in tank cars, or by pipeline (except as provided in this section), a weighing tank of suitable size must be provided in the fortifying room. Beams or dials of scales used to weigh packages must indicate weight in half-pound graduations. The beams or dials of weighing tank scales must indicate weight in 1-pound graduations, if of less than 10 tons capacity, and in 5-pound graduations, if of 10 tons or more capacity. In case a scale or weighing tank is found to be inaccurate for any reason, it shall not be used while it is in such condition.

(53 Stat. 318, 348 as amended, 350 as amended, 351, 375, 477; 26 U. S. C. 2829, 3031, 3032, 3033, 3176, 3901)

MANNER OF PROCURING BRANDY FROM FRUIT DISTILLERIES AND INTERNAL REVENUE BONDED WAREHOUSES

PROCUREMENT OF BRANDY IN TANK CARS

§ 178.467 *Report of gauge at winery.* If the gauge of the brandy upon receipt at the winery discloses a loss in transit other than that which may be ascribed to variation in gauge, the officer will prepare a report of his gauge on Form 1520, and attach a copy of the form to each copy of Form 257 received from the officer at the distillery or warehouse. If the loss exceeds 1 percent, or there is evidence that the tank car was tampered with in transit, the officer will make a report of his gauge on Form 1520 in each instance, with a statement respecting his inspection of the tank car and the apparent cause of the loss.

(53 Stat. 340 as amended, 348 as amended, 351, 375, 477; 26 U. S. C. 2901, 3031, 3033, 3176, 3901)

FORTIFICATION OF WINE

§ 178.477 *Report of losses of brandy.*

(b) *From storage tanks.* Losses from storage tanks will be reported by the Government officer on Form 276, giving the serial numbers of the tanks from which the loss was sustained, the quantity lost from each tank, and the apparent cause of the loss in sufficient detail to bring out all the known material facts and circumstances surrounding the loss. Losses from storage tanks will be determined at the end of the month during which wines are fortified or upon completion of fortification for the month, as provided in § 178.482a.

(53 Stat. 340 as amended, 348 as amended, 375, 477; 26 U. S. C. 2901, 3031, 3176, 3901)

LOSSES OF BRANDY

LOSSES IN TRANSIT OR IN FORTIFYING ROOM

§ 178.480 *By theft.* The tax on brandy withdrawn for fortification and lost by theft while being transferred to the fortifying room or while in the fortifying room, not as the result of connivance, collusion, fraud, or negligence on the part of the distiller, warehouseman, owner, consignor, consignee, bailee, or carrier, or the employees of any of them, may be remitted to the extent that the claimant is not indemnified against or recompensed for such loss.

(53 Stat. 340 as amended, 375, 477; 26 U. S. C. 2901, 3176, 3901)

§ 178.480a *By voluntary destruction.* The tax on brandy withdrawn for fortification and lost by voluntary destruction while being transferred to the fortifying room or while in the fortifying room, may be remitted: *Provided,* That the brandy was unfit for use for beverage purposes, and the distiller, warehouseman, or other person responsible for the tax, obtained the written permission of the district supervisor for such destruction in each case.

(53 Stat. 340 as amended, 373 as amended, 375, 477; 26 U. S. C. 2901, 3170, 3176, 3901)

§ 178.480b *By other causes.* The tax on brandy withdrawn for fortification and lost, due to causes other than by theft or voluntary destruction (as provided in §§ 178.480 and 178.480a, respectively), while being transferred to the fortifying room or while in the fortifying room, may be remitted.

(53 Stat. 340 as amended, 375, 477; 26 U. S. C. 2901, 3176, 3901)

DETERMINATION OF LOSSES

§ 178.482 *In transit.* Losses in transit to the winery will be ascertained at the time the brandy is received at the winery, as provided in §§ 178.455, 178.456, and 178.467.

(53 Stat. 340 as amended, 375, 477; 26 U. S. C. 2901, 3176, 3901)

§ 178.482a *In fortifying room.* Losses by theft or unauthorized voluntary destruction or from other causes in the fortifying room will be determined and reported at the time the loss is discovered. A physical inventory of storage tanks shall be taken at the close of the month during which wines are fortified or upon completion of fortification for the month and any losses which have not previously been ascertained will be determined.

(53 Stat. 340 as amended, 375, 477; 26 U. S. C. 2901, 3176, 3901)

CLAIMS FOR LOSSES

§ 178.483 *When required.* Where any loss by theft occurs, claim for remission of tax must be made by the winemaker. Where the loss from any package or railroad tank car in transit to the winery exceeds 1 percent of the quantity shipped therein, claim for remission of tax on the entire quantity lost from the package or railroad tank car must be made by the winemaker. Where the loss on any lot of brandy transferred to the fortifying room by pipeline exceeds 1 percent, claim for remission of tax on the entire quantity lost must likewise be made by the winemaker. Where the loss in the fortifying room from any package exceeds 1 percent of the quantity contained in the package at the time of receipt, or where the loss from storage tanks exceeds 1 percent of the total quantity contained in such tanks during the month, claim for remission of tax on the entire quantity lost from each such package or from such storage tanks must be made by the winemaker.

(53 Stat. 340 as amended, 373, 375, 477; 26 U. S. C. 2901, 3171, 3176, 3901)

§ 178.483a *When not required.* Where the loss in transit or in the fortifying room does not exceed 1 percent, calculated in accordance with § 178.483, claim for remission of tax will not be required, provided there are no circumstances indicating that the loss is not allowable under the law.

(53 Stat. 340, as amended, 373, 375, 477; 26 U. S. C. 2901, 3171, 3176, 3901)

§ 178.483b *Form of claims.* No special forms have been prescribed for use in filing claims for remission of tax. Such claims shall be made on letter size paper, in duplicate, showing the name, address, and capacity of the claimant, and shall set forth, under oath, the following information:

(a) The name of the fruit distiller who produced the brandy, and the registry number and location of the distillery;

(b) The serial numbers of the packages or other containers from which the brandy was lost, the quantity lost from each, and the total quantity of brandy covered by the claim;

(c) The total amount of tax for which the claim is filed;

(d) The date of the loss or, if such date is not known, the date on which the loss was discovered, and the nature and cause of the loss, together with all the known, material facts and circumstances surrounding the loss;

(e) The name of the carrier, if any;

(f) If lost by theft, the facts establishing whether the loss occurred as the result of any negligence, connivance, collusion, or fraud on the part of the distiller, warehouseman, owner, consignor, consignee, bailee, or carrier, or the employees of any of them; and

(g) If lost by theft, whether the claimant is indemnified or recompensed for the loss, and, if so, the amount and nature of such indemnity or recompense. The actual value of the brandy, less the tax, must be stated explicitly, and certified copies of all policies of insurance or other documents of indemnity covering the brandy must be furnished where required.

(53 Stat. 340 as amended, 373, 375, 477; 26 U. S. C. 2901, 3171, 3176, 3901)

§ 178.483c *Supporting documents.* Claims for remission of tax on brandy lost while being transferred to the fortifying room shall, if the transfer was made by carrier, be supported whenever possible by a copy of the bill of lading and statements of the agents of the carrier having personal knowledge of the loss. Claims covering losses in the fortifying room must be supported by affidavits of persons having personal knowledge of the loss.

(53 Stat. 340 as amended, 373, 375, 477; 26 U. S. C. 2901, 3171, 3176, 3901)

§ 178.483d *Filing of claims.* Claims for remission of tax on brandy lost in transit or in the fortifying room must be filed promptly by the winemaker with the district supervisor of the district in which the winery is located.

(53 Stat. 340 as amended, 373, 375, 477; 26 U. S. C. 2901, 3171, 3176, 3901)

REPORT OF LOSSES

§ 178.484 *Procedure.* Losses of brandy requiring the filing of claims pursuant to the provisions of § 178.483, must be reported to the district supervisor by the winemaker or other persons concerned immediately after the losses are discovered. Where losses of brandy occur while in transit and are ascertained by an officer at the time of receipt at the bonded winery, or where losses occur while in the fortifying room of the bonded winery and are ascertained while an officer is on duty, the officer will immediately gauge the contents of the package or other approved container and prepare Form 1520 in quadruplicate. The officer will prepare a letter report in triplicate to the district supervisor setting forth the nature, cause and ex-

tent of the loss in sufficient detail to bring out all the known, material facts and circumstances. The condition of each package or other container from which the loss was sustained, and the quantity lost therefrom, should be stated in such report. The officer will forward two copies of Form 1520 and two copies of the letter report to the district supervisor, deliver one copy of Form 1520 to the winemaker, and retain one copy of Form 1520 and the letter report for his file.

(53 Stat. 340 as amended, 373, 375, 477; 26 U. S. C. 2901, 3171, 3176, 3901)

ACTION BY DISTRICT SUPERVISOR

§ 178.485 *Investigation.* Where losses of brandy are reported, the district supervisor will immediately make such investigation and require such evidence to be submitted as he may deem necessary.

(53 Stat. 340 as amended, 373, 375, 477; 26 U. S. C. 2901, 3171, 3176, 3901)

§ 178.486 *Examination of claims.* When a claim for remission of tax is received by the district supervisor, he will carefully examine it and cause such investigation to be made or require such additional evidence to be submitted as he may deem necessary, and will forward the claim to the Commissioner, together with a statement setting out his recommendation and his reasons therefor, as expeditiously as possible. The district supervisor will transmit to the Commissioner with the claim copies of any reports of investigation of the loss submitted by Government officers.

(53 Stat. 340 as amended, 373, 375, 477; 26 U. S. C. 2901, 3171, 3176, 3901)

§ 178.487 *District supervisor's accounts.* District supervisors will enter all items of loss of brandy in the fortifying room or in transit thereto in their accounts, Form 290. Credit will be taken in the account in which the loss is first entered for those losses for which claim is not required by § 178.483a. Losses for which claim is required by § 178.483 will be carried in the account as not allowed until the loss is allowed by the Commissioner or the tax is paid thereon. Where the loss is excessive, for which claim is required, the entire loss will be carried as not allowed.

(53 Stat. 340 as amended, 375, 477; 26 U. S. C. 2901, 3176, 3901)

VOLUNTARY DESTRUCTION OF BRANDY UNFIT FOR BEVERAGE PURPOSES

§ 178.488 *General.* Brandy withdrawn for fortification which is found by the district supervisor to be unfit for use for beverage purposes may be voluntarily destroyed without payment of tax by the winemaker in accordance with the procedure prescribed by §§ 178.489 to 178.492.

(53 Stat. 340 as amended, 375, 477; 26 U. S. C. 2901, 3176, 3901)

§ 178.490 *Investigation and analysis.* Upon receipt of the application, the district supervisor will have a Government officer inspect the brandy to verify the correctness of the application and to procure a sample from each barrel or tank in which the brandy is contained for submission to the district chemist

for analysis to determine whether the brandy is unfit for use for beverage purposes. Each sample shall consist of one pint, or if deemed advisable, one quart. The officer will label the samples so as to readily identify the brandy, and will forward them to the district chemist at the expense of the winemaker. The chemist will analyze the samples and furnish a report of his analysis to the district supervisor. The unused portions of the samples will be retained by the chemist for further examination should such be found necessary.

(53 Stat. 340 as amended, 375, 477; 26 U. S. C. 2901, 3176, 3901)

§ 178.491 *Action by district supervisor*—(a) *Unfit for beverage purposes.* If the district supervisor finds that the brandy is unfit for beverage purposes, he will authorize the brandy to be destroyed by the winemaker under the supervision of a Government officer.

(b) *Fit for beverage purposes.* If the district supervisor finds that the brandy is fit for beverage purposes he will disapprove the application and notify the winemaker that the brandy has been found to be fit for beverage purposes and may not be destroyed without payment of tax.

(53 Stat. 340 as amended, 373 as amended, 375, 477; 26 U. S. C. 2901, 3170, 3176, 3901)

§ 178.492 *Gauge and destruction.* Brandy authorized to be destroyed will be gauged by the Government officer and reported for that purpose on Form 1520, in triplicate. Following such gauge, the brandy may be destroyed under the immediate supervision of the Government officer by running the same into the sewer or by other suitable means. The Government officer will then certify to such destruction and the manner thereof on each copy of Form 1520, furnish one copy of the form to the winemaker, retain one copy at the fortifying room, and forward one copy to the district supervisor. The officer will enter the brandy so destroyed at a special line in Part 5 of Form 276. The district supervisor will take appropriate credit at special lines in the appropriate part of his account, Form 290, for the brandy so destroyed.

(53 Stat. 340, as amended, 375, 477; 26 U. S. C. 2901, 3176, 3901)

3. The purposes of the amendments are as follows:

(a) To conform to the act of February 21, 1950 (Pub. Law 448, 81st Cong.), effective September 1, 1950.

(b) To incorporate regulations applicable to the gauging of brandy at bonded wineries now contained in the Gauging Manual (26 CFR Part 186), but which are being deleted from the current revision of such manual.

Effect: These regulations shall be effective as of September 1, 1950.

GEO J. SCHOENEMAN,
Commissioner of Internal Revenue.

Approved: July 21, 1950.

THOMAS J. LYNCH,
Acting Secretary of the Treasury.

[F. R. Doc. 50-6596; Filed, July 26, 1950;
9:00 a. m.]

No. 144—2

PART 186—GAUGING MANUAL

Preamble: 1. These regulations, the Gauging Manual (26 CFR, Part 186), shall on and after September 1, 1950, supersede the Gauging Manual, 1938 Edition (26 CFR, Part 186; 5 F. R. 1215), and Treasury Decisions 4905 (4 F. R. 2450), 4949 (4 F. R. 4137), 5013 (5 F. R. 3942), 5026 (5 F. R. 5262), 5060 (6 F. R. 3383), 5117 (7 F. R. 1080), 5130 (7 F. R. 2577), 5140 (7 F. R. 3307), 5201 (7 F. R. 10547), 5466 (10 F. R. 8735), 5477 (10 F. R. 11989), 5518 (11 F. R. 6536), 5620 (13 F. R. 3117), and 5701 (14 F. R. 2916).

2. These regulations shall not affect or limit any act done or any liability incurred under any regulations superseded hereby, or any suit, action, or proceeding had or commenced in any civil, administrative, or criminal cause and proceeding prior to the effective date of these regulations, nor shall these regulations release, acquit, affect, or limit any offense committed in violation of previously existing regulations, or any penalty, liability or forfeiture incurred prior to such date.

SUBPART A—SCOPE OF REGULATIONS

Sec.
186.1 Gauging of distilled spirits.

SUBPART B—DEFINITIONS

186.5 Distilled spirits.
186.6 Gallon.
186.7 Proof.
186.8 Proof gallon.*
186.9 Proof spirits.

SUBPART C—GAUGING INSTRUMENTS

186.10 General requirements.
186.11 Hydrometers and thermometers.

SUBPART D—USE OF GAUGING INSTRUMENTS

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SUBPART E—PRESCRIBED TABLES

186.20 Table 1, showing the true percents of proof spirit for any indication of the hydrometer at temperatures between zero and 100 degrees Fahrenheit.
186.21 Table 2, showing wine gallons and proof gallons by weight.
186.22 Table 3, for determining the number of proof gallons from the weight and proof of spirituous liquor.
186.23 Table 4, showing the fractional part of a gallon per pound at each percent of proof of spirituous liquor.
186.24 Table 5, showing the weight per wine gallon (at 60 degrees Fahrenheit) and proof gallon at each percent of proof of spirituous liquor.
186.25 Table 6, showing respective volumes of alcohol and water and the specific gravity in both air and vacuum of spirituous liquor.
186.26 Table 7, for correction of volume of spirituous liquors to 60 degrees Fahrenheit.

AUTHORITY: §§ 186.1 to 186.26 issued under 53 Stat. 333, 335, as amended, 373, as amended, 375, 467; 26 U. S. C. 2878, 2883, 3170, 3176, 3791. Other statutory provisions interpreted or applied are cited to the text in parentheses.

*LAW OF MORE COMMON APPLICATION PERTAINING TO THE GAUGING OF DISTILLED SPIRITS*¹

5 U. S. C. 22; 161 R. S. DEPARTMENTAL REGULATIONS. The head of each department is authorized to prescribe regulations, not in-

¹ Sections of United States Code shown herein are identical with corresponding sections of Internal Revenue Code.

consistent with law, for the government of his department, the conduct of its officers and clerks, the distribution and performance of its business, and the custody, use, and preservation of the records, papers and property appertaining to it.

26 U. S. C. 2808 INSTRUMENTS TO PREVENT AND DETECT FRAUD.

(a) *Power of the Commissioner.* For the prevention and detection of frauds by distillers of spirits, the Commissioner may prescribe for use such hydrometers, saccharometers, weighing and gauging instruments, or other means for ascertaining the quantity, gravity, and producing capacity of any mash, wort, or beer used, or to be used, in the production of distilled spirits, and the strength and quantity of spirits subject to tax, as he may deem necessary; and he may prescribe rules and regulations to secure a uniform and correct system of inspection, weighing, marking, and gauging of spirits.

(b) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see section 3170.

26 U. S. C. 2809 DEFINITIONS.

(b) *Distilled spirits.* (1) *General definition.* Distilled spirits, spirits, alcohol, and alcoholic spirits, within the true intent and meaning of this chapter, is that substance known as ethyl alcohol, hydrated oxide of ethyl, or spirit of wine, which is commonly produced by the fermentation of grain, starch, molasses, or sugar, including all dilutions and mixtures of this substance.

(c) *Proof spirits.* Proof spirits shall be held to be that alcoholic liquor which contains one-half its volume of alcohol of a specific gravity of seven thousand nine hundred and thirty-nine ten-thousandths (0.7939) at sixty degrees Fahrenheit.

26 U. S. C. 2878 DRAWING, GAUGING, AND MARKING OF DISTILLED SPIRITS.

(a) *General rule.* Except as provided in section 2883, all distilled spirits shall be drawn from receiving cisterns into casks or packages and thereupon shall be gauged, proved, and marked by a storekeeper-gauger, and immediately removed into an internal revenue bonded warehouse. The Commissioner, with the approval of the Secretary, is hereby empowered to prescribe all necessary regulations relating to the drawing off, gauging, and packaging of distilled spirits; the marking, branding, numbering, and stamping of such packages; and the transfer and transportation to, and the storage of such spirits in, internal revenue bonded warehouses.

(d) *Marking and branding by distiller.* The Commissioner, with the approval of the Secretary, may, by regulations, from time to time, require a distiller, at his expense and under the immediate personal supervision of a storekeeper-gauger, to do such marking and branding and such mechanical labor pertaining to gauging required under this section as the Commissioner deems proper and determines may be done without danger to the revenue.

26 U. S. C. 2883 TRANSFER OF SPIRITS AT REGISTERED DISTILLERIES.

(f) *Regulations.* The Commissioner, with the approval of the Secretary, is hereby empowered to prescribe all necessary regulations relating to the drawing off, transferring, gauging, storing, redistillation, and transportation of the spirits; the records to be kept and returns to be made; the size and kind of containers to be used; the marking, branding, numbering, and stamping of such containers; and the kind of bond and the penal sum thereof.

26 U. S. C. 2884 GAUGING, STAMPING, AND BRANDING SPIRITS REMOVED FROM WAREHOUSE.

(a) *Requirement.* Except as may otherwise be required under section 2800 (a) (1)

(A), whenever an application is received for the removal from any internal revenue bonded warehouse of any cask or package of distilled spirits on which the tax has been paid, the storekeeper-gauger shall gauge and inspect the same, and shall, before such cask or package has left the warehouse, place upon such package such marks, brands, and stamps as the Commissioner, with the approval of the Secretary, shall by regulations prescribe, which marks, brands, and stamps shall be erased when such cask or package is emptied.

The Commissioner, with the approval of the Secretary, may, by regulations, from time to time, require any distiller, at his expense and under the immediate personal supervision of a storekeeper-gauger, to do such marking and branding and such mechanical labor pertaining to gauging required under this section as the Commissioner deems proper and determines may be done without danger to the revenue.

(b) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see section 3170.

26 U. S. C. 3170 TRANSFER AND DELEGATION OF POWERS.

The Secretary is authorized to confer and impose upon the Commissioner and any of his assistants, agents, or employees, and upon any other officer, employee, or agent of the Treasury Department, any of the rights, privileges, power, duties, and protection conferred or imposed upon the Secretary, or any officer or employee of the Treasury Department, by any law now or hereafter in force relating to the taxation, exportation, transportation, manufacture, possession, or use of, or traffic in, distilled spirits, wine, fermented liquors, or denatured alcohol.

26 U. S. C. 3176 RULES AND REGULATIONS.
(a) *Power of Commissioner.* The Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this chapter.

(b) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see section 3170.

26 U. S. C. 3791 RULES AND REGULATIONS.

(a) *Authorization—(1) In general.* Except as provided in section 1928 (a), Cotton Futures, section 2599, Marihuana, section 2559, Narcotics, section 3176, Liquor, and section 1865, Silver, the Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this title.

(2) *In case of change in law.* The Commissioner may make all such regulations, not otherwise provided for, as may have become necessary by reason of any alteration of law in relation to internal revenue.

(b) *Retroactivity of regulations or rulings.* The Secretary, or the Commissioner with the approval of the Secretary, may prescribe the extent, if any, to which any ruling, regulation, or Treasury Decision, relating to the internal revenue laws, shall be applied without retroactive effect.

SUBPART A—SCOPE OF REGULATIONS

§ 186.1 *Gauging of distilled spirits.* These regulations, the "Gauging Manual" (26 CFR, Part 186) contain the procedural and substantive requirements for measuring distilled spirits. Tables 1-7 are provided as a part hereof showing the true per cents of proof spirit for any indication of the hydrometer at temperatures between zero and 100 degrees Fahrenheit, wine gallons and proof gallons by weight, the number of proof gallons from the weight and proof of spirituous liquor, the fractional part of a gallon per pound at each per cent of proof of spirituous liquor, weight per wine gallon and proof gallon at each per

cent of proof of spirituous liquor, respective volumes of alcohol and water and the specific gravity in both air and vacuum of spirituous liquor, and the correction of volume of spirituous liquors to 60 degrees Fahrenheit.

SUBPART B—DEFINITIONS

§ 186.5 *Distilled spirits.* Distilled spirits, spirits, alcohol and alcoholic spirits is that substance known as ethyl alcohol, hydrated oxide of ethyl, or spirit of wine, which is commonly produced by the fermentation of grain, starch, molasses, or sugar including all dilutions and mixtures of this substance.

(53 Stat. 307; 26 U. S. C. 2809)

§ 186.6 *Gallon.* "Gallon" or "wine gallon" shall mean a United States gallon of liquid measure equivalent to the volume of 231 cubic inches.

§ 186.7 *Proof.* "Proof" shall mean the ethyl alcohol content of a liquid at 60° Fahrenheit, stated as twice the percent of ethyl alcohol by volume.

§ 186.8 *Proof gallon.* "Proof gallon" shall mean the alcoholic equivalent of a United States gallon at 60° Fahrenheit, containing 50 percent of ethyl alcohol by volume.

§ 186.9 *Proof spirits.* Proof spirits shall be held to be that alcoholic liquor which contains one-half its volume of alcohol of a specific gravity of 0.7939 at 60 degrees Fahrenheit, referred to water at 60 degrees Fahrenheit as unity. Proof spirit has at 60 degrees Fahrenheit a specific gravity of 0.93418 in air (0.93426 in vacuum), 100 parts by volume consisting of 50 parts of absolute alcohol and 53.73 parts of water.

(53 Stat. 307; 26 U. S. C. 2809)

SUBPART C—GAUGING INSTRUMENTS

§ 186.10 *General requirements.* Hydrometers and thermometers furnished at Government expense shall be used by Government officers for determining the alcoholic strength of distilled spirits where the solid content is negligible. The alcoholic strength of liquors to which blending materials have been added, or which contain solids in solution in excess of 0.6 gram per 100 milliliters will be determined by use of an approved ebulliometer, small still, or other instrument or method authorized by the Commissioner, in accordance with provisions of Regulations 11 (26 CFR, Part 189) or Regulations 15 (26 CFR, Part 190).

(53 Stat. 307; 26 U. S. C. 2808)

§ 186.11 *Hydrometers and thermometers.* The hydrometers furnished to Government officers are so graduated as to indicate the number of parts by volume of proof spirits equivalent to 100 parts of the liquor at the standard temperature of 60 degrees Fahrenheit; thus, they read, 0 for water, 100 for proof spirit, and 200 for absolute alcohol. Since the density of any liquor varies inversely with the temperature, the hydrometer reading will be less than the true percent of proof at temperatures below 60 degrees Fahrenheit and will be greater than the true percent of proof at temperatures above 60 degrees Fahrenheit. Hence corrections are necessary for hydrometer

readings at temperatures other than 60 degrees Fahrenheit. Precision hydrometers will be used for gauging large quantities of spirits, such as bulk gauging for tax payment, gauging for entry, etc. Hydrometers and thermometers shall be used and the true percent of proof shall be determined in accordance with § 186.15. Hydrometers are designated by letter according to range of proof and are provided in ranges as follows:

U. S. Standard:

A	0 to 100
B	80 to 120
C	100 to 140
D	120 to 170
E	160 to 206

Precision:

F	0 to 20
G	20 to 40
H	40 to 60
I	60 to 80
K	75 to 95
L	90 to 110
M	105 to 125
N	125 to 145
P	145 to 165
Q	165 to 185
R	185 to 206

(53 Stat. 307; 26 U. S. C. 2808)

SUBPART D—USE OF GAUGING INSTRUMENTS

§ 186.15 *Use of hydrometers and thermometers.* Care must be exercised to obtain an accurate temperature reading. The hydrometer cup or glass cylinder containing the thermometer will be filled and refilled with the spirits to be gauged until the mercury in the thermometer ceases to move upward or downward, and the cup or cylinder shall not be exposed to wind, or any other condition which will influence it unduly against the temperature of the spirits while the readings are being ascertained. The hydrometer stem will be immediately inserted into the spirits and the indications of the stem and thermometer read instantly and as nearly simultaneously as possible. The hydrometer shall be clean and shall be carefully immersed only to the point where it will be sustained by the spirits. Special care must be taken to ascertain the exact point at which the level of the surface of the liquid intersects the scale of proof in the stem of the hydrometer. When the correct readings of the hydrometer and thermometer have been determined, the true percent of proof shall be ascertained from Table 1. The first line designating whole degrees of proof below the general surface of the liquid will be read and the fraction of the degree of proof between the submerged line and the general surface of the spirits noted; e. g., if the 178 line on the stem is the first line indicating a whole degree of proof below the general surface of the spirits at 75 degrees Fahrenheit, the proof corrected to 60 degrees Fahrenheit would be 173.5, plus the fraction of a degree of proof the 178 line is below the general surface of the liquid. If this fraction is 0.7 of a degree of proof, the true proof would be 173.5, plus 0.7 or 174.2.

(53 Stat. 307; 26 U. S. C. 2808)

SUBPART E—PRESCRIBED TABLES

§ 186.20 *Table 1, showing the true per cents of proof spirit for any indication*

of the hydrometer at temperatures between zero and 100 degrees Fahrenheit. This table shows the true percent of proof of distilled spirits for indications of the hydrometer likely to occur in practice at temperatures between zero and 100 degrees Fahrenheit. The left-hand column contains the reading of the hydrometer and on the same horizontal line, in the body of the table, in the "Temperature" column corresponding to the reading of the thermometer is the corrected reading or "True percent of proof". The table is computed for tenths of a percent. In practice where reduction to a whole degree of proof is not required, if the decimal is less than five it will be dropped; if it is five or over, a unit will be added. Thus column 23 degrees, indication 146, the true percent, 158.4 is called 158; column 23 degrees, indication 145, the true percent of proof, 157.5 is called 158. Where fractional readings are ascertained, the proper interpolations will be made, e. g., for a hydrometer reading of 151, temperature 71½ degrees, the true percent of proof would be 147.0 or for a hydrometer reading of 179.4, temperature 75 degrees, the true percent of proof would be 175.0.

(53 Stat. 307; 26 U. S. C. 2808)

§ 186.21 Table 2, showing wine-gallons and proof gallons by weight. The wine and proof gallon content by weight and proof of packages of distilled spirits usually found in actual practice will be ascertained from this table. The left-hand column contains the weights. The true percent of proof is shown on the heading of each page in a range from 90 degrees to 200 degrees. Under the true percent of proof and on the same horizontal line with the weight will be found the wine gallons (at 60 degrees Fahrenheit) and the proof gallons respectively. Weights or proofs not shown in Table 2 will be ascertained by reference to Table 3.

(53 Stat. 307; 26 U. S. C. 2808)

§ 186.22 Table 3, for determining the number of proof gallons from the weight and proof of spirituous liquor. Where the weight or proof of a quantity of distilled spirits is not found in Table 2 the proof gallons may be ascertained from Table 3. The wine gallons (at 60 degrees Fahrenheit) may be ascertained by dividing the proof gallons by the proof.

Example. A tank car of spirits of 190 degrees of proof weighed 60,378 pounds net. We find—

	Proof gallons
60,000 pounds equal to.....	16,778.4
300 pounds equal to.....	83.9
70 pounds equal to.....	19.6
8 pounds equal to.....	2.2
	16,884.1

That is, 60,378 pounds of spirits at 190 proof is equal to 16,884.1 proof gallons. The equivalent gallons for 70 pounds are found from the column 700 pounds by moving the decimal point one place to the left; those for 8 pounds from the column 800 pounds by moving the decimal point two places to the left.

Example. A package of spirits of 86 proof weighed 321½ pounds net. We find—

	Proof gallons
300 pounds equal to.....	32.7
20 pounds equal to.....	2.2
1 pound equal to.....	.1
½ pound equal to.....	.1
	35.1

That is, 321½ pounds of spirits at 86 proof is equal to 35.1 proof gallons. The equivalent gallons for 20 pounds are found from the column 200 pounds by moving the decimal point one place to the left; those for 1 pound from the column 100 pounds by moving the decimal point two places to the left; that for the ½ pound from the column 500 pounds by moving the decimal point three places to the left. Fractional gallons beyond the first decimal ascertained through use of this table will be dropped if less than 0.05 or will be added as 0.1 if 0.05 or more. The wine gallons (at 60 degrees Fahrenheit) may be determined by dividing the proof gallons by the proof. For example: 35.1 divided by 86 equals 40.8 wine gallons.

(53 Stat. 307; 26 U. S. C. 2808)

§ 186.23 Table 4, showing the fractional part of a gallon per pound at each per cent of proof of spirituous liquor. This table provides an alternate method for use in ascertaining the wine gallon (at 60 degrees Fahrenheit) and/or proof gallon contents of containers of spirits by multiplying the net weight of the spirits by the fractional part of a gallon per pound shown in the table for spirits of the same proof. Fractional gallons beyond the first decimal will be dropped if less than 0.5 or will be added as 0.1 if 0.05 or more. This table may also be used for ascertaining the quantity of water required to reduce to a given proof. To do this, divide the proof gallons of spirits to be reduced by the fractional part of a proof gallon per pound of spirits at the proof to which the spirits are to be reduced, and subtract from the quotient the net weight of the spirits before reduction. The remainder will be the pounds of water needed to reduce the spirits to the desired proof.

Example. It is desired to ascertain the quantity of water needed to reduce 1,000 pounds of 200 proof spirits, 302.6 proof gallons, to 190 proof:

302.6 divided by 0.27964 equals 1,082.11 pounds, weight of spirits after reduction. 1,082.11 minus 1,000 equals 82.11 pounds, weight of water required to reduce to desired proof.

The slight variation between this table and Tables 2, 3, and 5 on some calculations is due to the dropping or adding of fractions beyond the first decimal on those tables.

(53 Stat. 307; 26 U. S. C. 2808)

§ 186.24 Table 5, showing the weight per wine gallon (at 60 degrees Fahrenheit) and proof gallon at each per cent of proof of spirituous liquor. This table may be used to ascertain the weight of any given number of wine gallons (at 60 degrees Fahrenheit) or proof gallons of spirits by multiplying the pounds per gallon by the given number of gallons of

the spirits. The table should be especially useful where it is desired to weigh a precise quantity of spirits.

Example. It is desired to ascertain the weight of 100 wine gallons of 190 proof spirits:

6.79434 × 100 equals 679.43 pounds, net weight of 100 wine gallons of 190 proof spirits.

Example. It is desired to ascertain the weight of 100 proof gallons of 190 proof spirits:

3.57597 × 100 equals 357.60 pounds, net weight of 100 proof gallons of 190 proof spirits.

The slight variation between this table and Tables 2 and 3 on some calculations is due to dropping or adding of fractions beyond the first decimal on those tables. (53 Stat. 307; 26 U. S. C. 2808)

§ 186.25 Table 6, showing respective volumes of alcohol and water and the specific gravity in both air and vacuum of spirituous liquor. This table provides an alternate method for use in ascertaining the quantity of water needed to reduce the strength of distilled spirits by a definite amount. To do this, divide the alcohol in the given strength by the alcohol in the required strength, multiply the quotient by the water in the required strength, and subtract the water in the given strength from the product. The remainder is the number of gallons of water to be added to 100 gallons of spirits of the given strength to produce a spirit of a required strength.

Examples. It is desired to reduce spirits of 191 proof to 188 proof. We find that 191 proof spirits contains 95.5 parts alcohol and 5.59 parts water, and 188 proof spirits contains 94.0 parts alcohol and 7.36 parts water.

95.5 (the strength of 100 wine gallons of spirits at 191 proof) divided by 94.0 (the strength of 100 wine gallons of spirits at 188 proof) equals 1.01. 7.36 (the water in 188 proof) multiplied by 1.01 equals 7.43. 7.43 less 5.59 (the water in 191 proof spirits) equals 1.84 gallons of water to be added to each 100 wine-gallons of 191 proof spirits to be reduced.

This rule is applicable for reducing to any proof; but when it is desired to reduce to 100 proof, it is sufficient to point off two decimals in the given proof, multiply by 53.73, and deduct the water in the given strength. Thus, to reduce 112 proof spirits to 100 proof:

1.12 × 53.73 = 47.75 equals 12.42 gallons of water to be added to each 100 wine gallons of spirits to be reduced.

(53 Stat. 307; 26 U. S. C. 2808)

§ 186.26 Table 7, for correction of volume of spirituous liquors to 60 degrees Fahrenheit. This table provides correction factors prescribed for ascertaining volume at 60 degree Fahrenheit of spirits at various other temperatures ranging from 13 degrees through 100 degrees Fahrenheit. The wine gallons to be corrected should be multiplied by the factor shown in the table at the per cent proof and temperature of the spirits. The product will be the corrected gallonage at 60 degrees Fahrenheit. This table is also prescribed for use in ascertaining the capacity of containers where the wine gallon capacity at 60 degrees

Fahrenheit is determined by weight in accordance with Tables 2, 3, 4, or 5. This is accomplished by dividing the wine gallons at 60 degrees Fahrenheit by the factor shown in the table at the per cent proof and temperature of the spirits. The quotient will be the true capacity of the container.

Example. It is desired to ascertain the volume at 60 degrees Fahrenheit of 1,000 wine gallons of 190 proof spirits at 76 degrees Fahrenheit:

1,000 × 0.991 equals 991 wine gallons, the corrected gallonage at 60 degrees Fahrenheit.

Example. It is desired to ascertain the capacity of a tank which, when filled to capacity with 190 proof spirits at 100 degrees Fahrenheit, contains 2,500 wine gallons as determined by weight:

2,500 divided by 0.978 equals 2,561.5 the capacity of the tank in wine gallons at 60 degrees Fahrenheit.

It will be noted that the table is prepared in multiples of 5 percent proof and 2 degrees temperature. Where the spirits to be corrected are of an odd temperature, one-half of the difference, if any, between the factors for the next higher and lower temperature, should be added to the factor for the next higher temperature. For example, the correction factor for spirits of 180 proof at 53 degrees temperature should be taken as 1.004, and for the same proof spirits at 51 degrees temperature the correction factor should be taken as 1.0055. Likewise, where the percent proof is other than a multiple of five, the difference, if any, between the next higher and lower proof should be divided by five and multiplied by the degrees of proof beyond the next lower proof, and the fractional product added to the factor for the next lower proof, or if such factor has been corrected because of odd temperature, to such corrected factor. For example, to ascertain the correction factor for spirits of 112 proof at 47 degrees temperature, we find the difference in the table of 0.001 between 46 degrees and 48 degrees temperature; accordingly, 0.0005 should be added to the factor (1.005) for the next higher temperature (48 degrees), giving a factor of 1.0055 for 47 degrees Fahrenheit; then we find also a difference of 0.001 between 110 proof and 115 proof, or 0.0002 for each percent of proof. Accordingly, for 112 proof we multiply 0.0002 by 2 and get 0.0004 to be added to the factor for the next lower proof, or in this case, to the corrected factor of 1.0055, making the factor to be used 1.0059.

(53 Stat. 507; 26 U. S. C. 2802)

3. The purposes of the regulations are as follows:

a. To conform to the act of February 21, 1950 (Pub. Law 448, 81st Cong., effective September 1, 1950).

b. To restrict the text to instructions concerning the gauging of distilled spirits and the use of prescribed tables, to delete obsolete material, to eliminate material duplicated in other regulations, and to transfer from the existing Gauging Manual to applicable regulations, material which is not considered

to be in the nature of gauging operations or instructions.

c. To revise Tables 2 and 3 by rounding off the wine gallon and proof gallon values thereof in order to establish the decimal values to the nearest one-tenth gallon. Thereby, decimal values beyond the first place have been eliminated.

d. To restate instructions for use of hydrometers and thermometers in proofing distilled spirits, and instructions for use of Tables 1-7 in the measurements of distilled spirits.

e. To rearrange the text to conform to FEDERAL REGISTER Regulations (13 F. R. 5929).

4. These regulations shall be effective September 1, 1950.

[SEAL] GEO. J. SCHOENEMAN,
Commissioner of Internal Revenue.

Approved: July 21, 1950.

THOMAS J. LYNCH,
Acting Secretary of the Treasury.

[F. R. Doc. 50-8597; Filed, July 26, 1950;
8:13 a. m.]

[Regulations 15]

PART 160—RECTIFICATION OF SPIRITS AND WINES

Preamble: 1. These regulations, Regulations 15, "Rectification of Spirits and Wines" (26 CFR Part 190), shall, on and after September 1, 1950, supersede Regulations 15, 1940 Edition (26 CFR Part 190; 5 F. R. 2020); and Treasury Decisions 5004 (5 F. R. 3180), 5078 (6 F. R. 5089), 5182 (7 F. R. 9630), 5274 (8 F. R. 8800), 5319 (9 F. R. 252), 5463 (10 F. R. 8737), 5482 (10 F. R. 13680), 5542 (11 F. R. 10277), 5573 (12 F. R. 4831), 5598 (13 F. R. 271), 5626 (13 F. R. 3606), 5638 (13 F. R. 3732), 5681 (13 F. R. 9493), 5703 (14 F. R. 3051), 5720 (14 F. R. 4902), 5731 (14 F. R. 4922), 5762 (14 F. R. 7232), and 5781 (15 F. R. 1840).

2. These regulations shall not affect or limit any act done or any liability incurred under any regulations superseded hereby, or any suit, action, or proceeding had or commenced in any civil, administrative, or criminal cause and proceeding prior to the effective date of these regulations, nor shall these regulations release, acquit, affect, or limit any offense committed in violation of previously existing regulations, or any penalty, liability or forfeiture incurred prior to such date.

LAW OF MORE COMMON APPLICATION PERTAINING TO THE RECTIFICATION OF SPIRITS AND WINES

Sec.
5 U. S. C. 22 Departmental regulations.
26 U. S. C. 1650 War tax rates of certain miscellaneous taxes.
26 U. S. C. 2800 Tax.
26 U. S. C. 2801 Rectified spirits.
26 U. S. C. 2802 Stamps for distilled spirits.
26 U. S. C. 2803 Stamps for containers of distilled spirits.
26 U. S. C. 2804 Detention of casks or packages on suspicion.
26 U. S. C. 2806 Penalties and forfeitures.
26 U. S. C. 2810 Registry of stills.
26 U. S. C. 2812 Notice of business of distiller or rectifier.

Sec.
26 U. S. C. 2813 Notice of intention to rectify.
26 U. S. C. 2815 Conditions of approval of distiller's bond.
26 U. S. C. 2818 Notice of manufacture of and permit to set up still.
26 U. S. C. 2819 Premises prohibited for distilling.
26 U. S. C. 2828 Distillers and rectifiers to furnish facilities and give assistance for examination of premises.
26 U. S. C. 2829 Installation of meters, tanks, and other apparatus.
26 U. S. C. 2830 Officer's authority to break up grounds or walls.
26 U. S. C. 2831 Signs of distillers, rectifiers, and wholesale liquor dealers.
26 U. S. C. 2832 Conditions precedent to carrying on business of distilling.
26 U. S. C. 2834 Mash, wort, and vinegar; vinegar factories.
26 U. S. C. 2835 Vinegar factories operated prior to March 1, 1879.
26 U. S. C. 2855 Monthly returns of rectifiers.
26 U. S. C. 2856 Penalty for unlawful rectifying.
26 U. S. C. 2857 Books of rectifiers and wholesale dealers.
26 U. S. C. 2858 Exemption of States from provisions of section 2857.
26 U. S. C. 2861 Gauging, branding, and stamping rectified spirits.
26 U. S. C. 2862 Stamping.
26 U. S. C. 2863 Marking and stamping packages filled on premises of wholesale dealers.
26 U. S. C. 2866 Effacement of stamps and brands on emptied packages.
26 U. S. C. 2867 Buying or selling used casks bearing inspection marks.
26 U. S. C. 2868 Changing stamps or shifting spirits.
26 U. S. C. 2869 Affixing limitation stamps on packages of distilled spirits.
26 U. S. C. 2870 Prohibited hours for removal of spirits.
26 U. S. C. 2871 Regulation of traffic in containers of distilled spirits.
26 U. S. C. 2883 Transfer of spirits at registered distilleries.
26 U. S. C. 3030 Tax.
26 U. S. C. 3043 Penalties and forfeitures.
26 U. S. C. 3170 Transfer and delegation of powers.
26 U. S. C. 3171 Records, statements, and returns.
26 U. S. C. 3172 Discretionary method for collecting tax.
26 U. S. C. 3173 Penalties and forfeitures.
26 U. S. C. 3175 Other laws applicable.
26 U. S. C. 3176 Rules and regulations.
26 U. S. C. 3179 Exemption and drawback in case of exportation.
26 U. S. C. 3250 Tax.
26 U. S. C. 3254 Definitions.
26 U. S. C. 3270 Registration.
26 U. S. C. 3271 Payment of tax.
26 U. S. C. 3272 Returns.
26 U. S. C. 3273 Stamps.
26 U. S. C. 3274 Penalties relating to posting of special tax stamp.
26 U. S. C. 3300 Establishment and alteration.
26 U. S. C. 3301 Attachment and cancellation.
26 U. S. C. 3301 Entry of premises for examination of taxable objects.
26 U. S. C. 3356 Payment by check and money orders.
26 U. S. C. 3809 Verification of returns: Penalties of perjury.
27 U. S. C. 203 Unlawful business without permit.
27 U. S. C. 205 Unfair competition and unlawful practices.
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- 190.473 Constitutes rectification.
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- 190.489 Blending constitutes rectification.
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- 190.585 Tax-payment.
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- 190.587 Certificate of tax-payment.
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- 190.733 Circumstances authorizing procurement.
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 190.745 Wholesale liquor dealer's stamps for rectified spirits.
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- 190.749 Immediate destruction required.

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- 190.750 Requisition, Form 428.
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 190.752 Approval of requisition.
 190.753 Purchase of stamps.
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 190.756 Stamps issued in serial order.
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 190.759 Cutting stamps in advance.
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 190.762 Affixing stamp over cup or cap.
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- 190.801 Packages.
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- 190.835 Additional requirements.
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- 190.838 Execution of reports.
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- 190.855 Record, Part I, Form 182.
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190.941 Disposition of indicia bottles.
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- 190.955 General.
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- 190.965 Furnished by Government.
190.966 Where locks are required.
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190.969 Custody of locks.
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- 190.980 Authority to enter and inspect.
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190.982 Rectifiers to furnish assistance.

AUTHORITY: §§ 190.1 to 190.982 issued under R. S. 161, 53 Stat. 375; 5 U. S. C. 22, 26 U. S. C. 3176. Interpret or apply 53 Stat. 300; 26 U. S. C. 2801. Other statutory provisions interpreted or applied are cited to text in parentheses.

LAWS OF MORE COMMON APPLICATION PERTAINING TO THE RECTIFICATION OF SPIRITS AND WINES¹

5 U. S. C. 22 DEPARTMENTAL REGULATIONS. The head of each department is authorized to prescribe regulations, not inconsistent with law, for the government of his department, the conduct of its officers and clerks, the distribution and performance of its business, and the custody, use, and preservation of the records, papers and property appertaining to it.

26 U. S. C. 1650 WAR TAX RATES OF CERTAIN MISCELLANEOUS TAXES. In lieu of the rates of tax specified in such of the sections of this title as are set forth in the following table, the rates applicable with respect to the period beginning with the effective date of Title III of the Revenue Act of 1943 shall be the rates set forth under the heading "War Tax Rate";

Section	Description of tax	Old rate	War tax rate
3030 (a) (1)....	Still wines: (1) Not over 14% of alcohol. (2) Over 14% and not over 21% of alcohol. (3) Over 21% and not over 24% of alcohol.	10 cents per gallon..... 40 cents per gallon..... \$1 per gallon.....	15 cents per gallon. 60 cents per gallon. \$2 per gallon.
3030 (a) (2)....	Sparkling wines, liqueurs and cordials: (1) Champagne or sparkling wine. (2) Artificially carbonated wine. (3) Liqueurs, cordials, etc.	10 cents per half-pint or fraction thereof. 5 cents per half-pint or fraction thereof. 5 cents per half-pint or fraction thereof.	15 cents per half-pint or fraction thereof. 10 cents per half-pint or fraction thereof. 10 cents per half-pint or fraction thereof.

26 U. S. C. 2800 TAX—(a) Rate.

(5) *Rectified spirits and wines.* In addition to the tax imposed by this chapter on distilled spirits and wines, there shall be levied, assessed, collected, and paid, a tax of 30 cents on each proof gallon and a proportionate tax at a like rate on all fractional

parts of such proof gallon on all distilled spirits or wines rectified, purified, or refined in such manner, and on all mixtures produced in such manner, that the person so

¹ The sections of the United States Code are numbered identically with corresponding sections of the Internal Revenue Code.

rectifying, purifying, refining, or mixing the same is a rectifier within the meaning of section 2254 (g): *Provided*, That this tax shall not apply to gin produced by the redistillation of a pure spirit over juniper berries and other aromatics.

26 U. S. C. 2801 RECTIFIED SPIRITS.

(b) *Proof and volume.* When the process of rectification is completed and the taxes prescribed by section 2800 (a) (5) have been paid, it shall be unlawful for the rectifier or other dealer to reduce in proof or increase in volume such spirits or wine by the addition of water or other substance; nothing herein contained shall, however, prevent a rectifier from using again in the process of rectification spirits already rectified and upon which the taxes have theretofore been paid.

(c) *Exemption from tax—(1) Cordials and liqueurs.* The taxes imposed by section 2800 (a) (5) shall not attach to cordials or liqueurs on which a tax is imposed and paid under paragraph (1) or (2) of section 3030 (a), nor to the mixing and blending of wines, where such blending is for the sole purpose of perfecting such wines according to commercial standards, nor to blends made exclusively of two or more pure straight whiskies aged in wood for a period not less than four years and without the addition of coloring or flavoring matter or any other substance than pure water and if not reduced below ninety proof; nor to blends made exclusively of two or more pure fruit brandies distilled from the same kind of fruit, aged in wood for a period not less than two years and without the addition of coloring or flavoring matter or any other substance than pure water and if not reduced below ninety proof: *Provided*, That such blended whiskies and blended fruit brandies shall be exempt from tax under section 2800 (a) (5) only when compounded under the immediate supervision of a revenue officer, in such tanks and under such conditions and supervision as the Commissioner, with the approval of the Secretary, may prescribe.

(d) *Regulations—Use of distilled spirits or wines.* All distilled spirits or wines taxable under section 2800 (a) (5) shall be subject to uniform regulations concerning the use thereof in the manufacture, blending, compounding, mixing, marking, branding, and sale of whisky and rectified spirits, and no discrimination whatsoever shall be made by reason of a difference in the character of the material from which same may have been produced.

(e) *Rectifying—(1) Regulations.* The business of a rectifier of spirits shall be carried on, and the tax on rectified spirits shall be paid, under such rules, regulations, and bonds as may be prescribed by the Commissioner, with the approval of the Secretary. The Commissioner, with the approval of the Secretary, shall prescribe such regulations under this section and paragraph (5) of section 2800 (a) as he deems necessary.

(2) *Premises of rectifier.* The premises of a rectifier shall be as described in his notice and, whether they consist of an entire building or of rooms in a building, shall have means of ingress from and egress into a public street or yard, or into a public hall or elevator shaft leading into a public street or yard, and shall be used exclusively for the business of rectification and the bottling of liquors rectified by him thereon, and the bottling of wines and spirits without rectification. Any rectifier who uses his rectifying premises contrary to the provisions of this paragraph shall be fined not more than \$50 with respect to each day upon which any such use occurs, but shall not, on account of such use, be subject to the penalties otherwise prescribed in this section.

(3) *Filtering and purifying wines.* The filtering, clarifying, or purifying of wines on bonded winery premises or bonded storeroom premises shall not be deemed to be rectification within the meaning of section 3254 (g).

(4) *Vermouth manufactured with fortified wines.* The manufacture of vermouth with fortified sweet wine on bonded winery premises shall not be deemed to be rectification within the meaning of section 3254 (g), if distilled spirits other than necessary in the production of approved essences, used in the manufacture of vermouth, whether or not such essences are produced on the bonded winery premises, are not added to the fortified sweet wine used in the manufacture thereof or to such vermouth during or after its manufacture. Such vermouth may be manufactured on bonded winery premises, but only in a separate department thereof under such supervision and in accordance with such regulations as the Commissioner, with the approval of the Secretary, shall prescribe. The provisions of this paragraph shall apply in the same manner and to the same extent to aperitif wines other than vermouth.

(f) *Penalties.* Except as provided in subsection (e) (2), whoever violates any of the provisions of this section or section 2800 (a) (5) shall be deemed to be guilty of a misdemeanor and, upon conviction, shall be fined not more than \$1,000 or imprisoned not more than two years, and shall, in addition, be liable to double the tax evaded, together with the tax, to be collected by assessment or on any bond given.

26 U. S. C. 2802 STAMPS FOR DISTILLED SPIRITS—(a) *Issue for restamping.* The Commissioner may, under regulations prescribed by him with the approval of the Secretary, issue stamps for restamping packages of distilled spirits, which have been duly stamped but from which the stamps have been lost or destroyed by unavoidable accident.

(b) *Accountability.*—(1) *Other stamps.* All stamps relating to distilled spirits, other than the tax-paid stamps, shall be charged to collectors; and the books containing such stamps may be intrusted by any collector to the storekeeper-gauger of the district, who shall make a daily report to the collector of all such stamps used by him and for whom used; and when all the stamps contained in any such book have been issued, the storekeeper-gauger of the district shall return the book to the collector, with all the marginal stubs therein. Except as provided in section 2878 (b), all export stamps issued to collectors shall be charged to them as representing the value of 10 cents for each stamp, and they shall collect the amount due for such stamps at the rate of 10 cents for each stamp issued in such manner and at such time as the Commissioner may prescribe, and the Commissioner may, in his discretion, make assessment therefor.

(c) *Exchange of wholesale liquor dealers' stamps for rectified spirits stamps.* Collectors shall not furnish wholesale liquor dealers' stamps in lieu of and in exchange for stamps for rectified spirits unless the package covered by stamp for rectified spirits is to be broken into smaller packages.

26 U. S. C. 2803 STAMPS FOR CONTAINERS OF DISTILLED SPIRITS—(a) *Requirement.* No person shall transport, possess, buy, sell, or transfer any distilled spirits, unless the immediate container thereof has affixed thereto a stamp denoting the quantity of distilled spirits contained therein and evidencing payment of all internal-revenue taxes imposed on such spirits. The provisions of this section shall not apply to—

(1) Distilled spirits placed in a container for immediate consumption on the premises or for preparation for such consumption;

(2) Distilled spirits in bond or in customs custody;

(3) Distilled spirits in immediate containers required to be stamped under existing law;

(4) Distilled spirits in actual process of rectification, blending, or bottling, or in actual use in processes of manufacture;

(5) Distilled spirits on which no internal-revenue tax is required to be paid;

(6) Distilled spirits not intended for sale or for use in the manufacture or production of any article intended for sale; or

(7) Any regularly established common carrier receiving, transporting, delivering, or holding for transportation or delivery distilled spirits in the ordinary course of its business as a common carrier.

(b) *Purchase and supply.* Any person placing or intending to place any distilled spirits upon which all internal-revenue taxes have been paid into any container upon which a stamp is required by this section, or withdrawing or intending to withdraw any imported spirits in such containers from customs custody, shall be entitled to purchase sufficient stamps for stamping such containers. Such stamps shall be issued by the Commissioner to each Collector, upon his requisition, in such numbers as may be necessary in his district, and shall be sold by the Collectors to persons entitled thereto upon application therefor and compliance with regulations under this section, at a price of 1 cent for each stamp, except that in the case of stamps for containers of less than one half pint the price shall be one quarter of 1 cent for each stamp. When in his judgment there is no danger to the revenue, and upon the giving of such bonds or other security as he may deem necessary, the Commissioner may authorize the sale of such stamps to importers for stamping containers in the country from which imported.

(c) *Unused stamps: Exchange, refund, etc.* The Commissioner of Internal Revenue, under regulations prescribed by him and approved by the Secretary of the Treasury, may redeem or make allowance for any unused stamps issued under section 203 of the Liquor Taxing Act of 1934 or subsection (b) of this section by exchanging them for other stamps of the same kind or by refunding moneys received therefor: *Provided*, That stamps may be exchanged or the value thereof refunded only in quantities of the value of \$5 or more: *And provided further*, That no claim for the exchange of strip stamps or refund therefor shall be allowed unless presented within two years after the date on which such stamps were lawfully issued. There are hereby authorized to be appropriated annually, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out this provision.

(d) *Regulations for issuing, affixing, and canceling stamps.* The Commissioner, with the approval of the Secretary, shall prescribe (a) regulations with respect to the time and manner of applying for, issuing, affixing, and destroying stamps required by this section, the form and denominations of such stamps, proof that applicants are entitled to such stamps, and the method of accounting for receipts from the sale of such stamps, and (b) such other regulations as he shall deem necessary for the enforcement of this section.

(e) *Destruction of stamps.* Every person emptying any container stamped under the provisions of this section shall at the time of emptying such container destroy the stamp thereon.

(f) *Forfeiture of spirits.* All distilled spirits found in any container required to bear a stamp by this section, which container is not stamped in compliance with this section and regulations issued thereunder, shall be forfeited to the United States.

(g) *Penalties.* Any person who violates any provision of this section, or who, with intent to defraud, falsely makes, forges, alters, or counterfeits any stamp made or

used under this section, or who uses, sells, or has in his possession any such forged, altered, or counterfeited stamp, or any plate or die used or which may be used in the manufacture thereof, or any stamp required to be destroyed by this section, or who makes, uses, sells, or has in his possession any paper in imitation of the paper used in the manufacture of any such stamp, or who reuses any stamp required to be destroyed by this section, or who places any distilled spirits in any bottle which has been filled and stamped under this section without destroying the stamp previously affixed to such bottle, or who affixes any stamp issued under this section to any container of distilled spirits on which any tax due is unpaid, or who makes any false statement in any application for stamps under this section, or who has in his possession any such stamps obtained by him otherwise than as provided in subsection (b), shall on conviction be punished by a fine not exceeding \$1,000, or by imprisonment at hard labor not exceeding five years, or by both. Any officer authorized to enforce any provisions of law relating to internal revenue stamps is authorized to enforce the provisions of this section and the provisions of section 2909 relating to the bottling of distilled spirits in bond.

(h) *Transfer of duties.* For transfer of duties and powers of the Commissioner and his agents, see section 3170.

26 U. S. C. 2804 DETENTION OF CASES OR PACKAGES ON SUSPICION—(a) *Power of revenue officer.* It shall be lawful for any internal revenue officer to detain any case or package containing, or supposed to contain, distilled spirits, when he has reason to believe that the tax imposed by law upon the same has not been paid, or that the same is being removed in violation of law; and every such case or package may be held by him at a safe place until it shall be determined whether the property so detained is liable by law to be proceeded against for forfeiture; but such summary detention shall not continue in any case longer than forty-eight hours without process of law or intervention of the officer to whom such detention is to be reported.

26 U. S. C. 2806 PENALTIES AND FORFEITURES.

(d) *Forfeiture of distilled spirits in unstamped cases or packages.* All distilled spirits found in any case or package containing five gallons or more, without having thereon each mark and stamp required therefor by law, shall be forfeited to the United States.

(e) *Evasion of tax, penalty.* Whenever any person evades, or attempts to evade, the payment of the tax on any distilled spirits, in any manner whatever, he shall forfeit and pay double the amount of the tax so evaded or attempted to be evaded.

(g) *Offenses not specifically covered.* If any distiller, rectifier, or wholesale liquor dealer, shall knowingly or willfully omit, neglect or refuse to do or cause to be done any of the things required by law in the carrying on or conducting of his business, or shall do anything by this title prohibited, if there be no specific penalty or punishment imposed by any other section of this title for the neglecting, omitting or refusing to do, or for the doing or causing to be done the thing required or prohibited, he shall pay a penalty of \$1,000; and all distilled spirits or liquors owned by him or in which he has any interest as owner, shall be forfeited to the United States.

26 U. S. C. 2810. REGISTRY OF STILLS—(a) *Requirement.* Every person having in his possession or custody, or under his control, any still or distilling apparatus set up, shall register the same with the collector of the

district in which it is, by subscribing and filing with him duplicate statements, in writing, setting forth the particular place where such still or distilling apparatus is set up, the kind of still and its cubic contents, the owner thereof, his place of residence, and the purpose for which said still or distilling apparatus has been or is intended to be used; one of which statements shall be retained and preserved by the collector, and the other transmitted by him to the Commissioner. Stills and distilling apparatus shall be registered immediately upon their being set up.

Every still or distilling apparatus not so registered, together with all personal property in the possession or custody, or under the control of such person, and found in the building, or in any yard or inclosure connected with the building in which the same may be set up, shall be forfeited.

And every person having in his possession or custody, or under his control, any still or distilling apparatus set up which is not so registered, shall pay a penalty of \$500, and shall be fined not less than \$100, nor more than \$1,000, and imprisoned for not less than one month, nor more than two years.

Stills and distilling apparatus set up at refineries for the refining of crude petroleum or the production of petroleum products and not used in the manufacture of distilled spirits are not required to be registered under this section.

(b) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see section 3170.

26 U. S. C. 2812 NOTICE OF BUSINESS OF DISTILLER OR RECTIFIER.—(a) *Requirements.* Every person engaged in, or intending to be engaged in, the business of a distiller or rectifier, shall give notice in writing, subscribed by him, to the collector of the district wherein such business is to be carried on, stating his name and residence, and if a company or firm, the name and residence of each member thereof, the name and residence of every person interested or to be interested in the business, the precise place where said business is to be carried on, and whether of distilling or rectifying; and if such business is carried on in a city, the residence and place of business shall be indicated by the name of the street and number of the building. In case of a distiller, the notice shall also state the kind of stills and the cubic contents thereof, the number and kind of boilers, the number of mash tubs and fermenting tubs, the cubic contents of each tub, the number of receiving cisterns, the cubic contents of each cistern, the number of hours in which the distillery will ferment each tub of mash or beer, the estimated quantity of distilled spirits which the apparatus is capable of distilling every twenty-four hours, a particular description of the lot or tract of land on which the distillery is situated, and of the buildings thereon, including their size, material, and construction; and that said distillery premises are not within six hundred feet (or the distance permitted by the Secretary pursuant to law), in a direct line, of any premises authorized to be used for rectifying or refining distilled spirits by any process.

In case of a rectifier, the notice shall state the precise place where such business is to be carried on, the name and residence of every person interested or to be interested in the business, the process by which the applicant intends to rectify, purify, or refine distilled spirits, the kind and cubic contents of any still used or to be used for such purpose, the estimated quantity of spirits which can be rectified, purified, or refined every twenty-four hours in such establishment, and that said rectifying establishment is not within six hundred feet (or the distance permitted by the Secretary pursuant to law), in a direct line, of the premises of any distillery registered for the distillation of spirits.

In case of any change in the location, form, capacity, ownership, agency, superintendency, or in the persons interested in the business of such distillery or rectifying establishment, or in the time of fermenting the mash or beer, notice thereof, in writing, shall be given to the said collector or proper deputy collector, of the district within twenty-four hours after such change; and any deputy collector receiving such notice shall immediately transmit the same to the collector of the district. Every notice required by this section shall be in such form, and shall contain such additional particulars, as the Commissioner may, from time to time, prescribe.

Every person who fails or refuses to give such notice shall pay a penalty of \$1,000, and shall be fined not less than \$100 nor more than \$2,000; and every person who gives a false or fraudulent notice shall, in addition to such penalty or fine, be imprisoned not less than six months nor more than two years.

(b) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see section 3170.

26 U. S. C. 2813 NOTICE OF INTENTION TO RECTIFY.—(a) *Requirements.* When any rectifier intends to rectify or compound any distilled spirits he shall, before emptying any package of distilled spirits for that purpose, give notice in duplicate to the collector for the district of his intention so to rectify, and, except as provided in section 2861, submit such package for the inspection of a storekeeper-gauger, who shall duly weigh or gauge such package and its contents and make due return thereof, and such spirits shall not be emptied for rectification, nor rectified or compounded in the package, until gauged or weighed as hereinabove provided. And such notice and return shall be made in such form and contain such particulars as the Commissioner, with the approval of the Secretary, may from time to time prescribe.

(b) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see section 3170.

26 U. S. C. 2815 CONDITIONS OF APPROVAL OF DISTILLER'S BOND.

(c) *Approval as condition to commencing business.* No individual, firm, partnership, corporation, or association, intending to commence or to continue the business of a distiller, rectifier, brewer, or winemaker, shall commence or continue the business of a distiller, rectifier, brewer, or winemaker until all bonds in respect of such a business, required by any provision of law, have been approved by the Commissioner or such other officer of the Bureau of Internal Revenue as the Commissioner, with the approval of the Secretary, may designate.

(d) *Disapproval.* The Commissioner or the designated officer may disapprove any such bond or bonds if the individual, firm, partnership, corporation, or association giving the same, or owning, controlling, or actively participating in the management of the business of the individual or firm, partnership, corporation, or association giving the same, shall have been previously convicted, in a court of competent jurisdiction, of (1) any fraudulent noncompliance with any provision of any law of the United States if such provision related to internal-revenue or customs taxation of distilled spirits, wines, or fermented malt liquors, or if such an offense shall have been compromised with the individual, firm, partnership, corporation, or association upon payment of penalties or otherwise, or (2) any felony under a law of any State, Territory, or the District of Columbia, or the United States, prohibiting the manufacture, sale, importation, or transportation of distilled spirits, wine, fermented malt liquor, or other intoxicating liquor.

(e) *Appeal from disapproval.* In case the disapproval is by any officer other than the Commissioner, the individual, firm, partner-

ship, corporation, or association giving the bond may appeal from such disapproval to the Commissioner.

The disapproval of the Commissioner in any matter under this section shall be final.

(f) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see section 3170.

26 U. S. C. 2818 NOTICE OF MANUFACTURE OF AND PERMIT TO SET UP STILL.—(a) *Requirement.* Any person who manufactures any still, boiler, or other vessel to be used for the purpose of distilling, shall, before the same is removed from the place of manufacture, notify in writing the collector of the district in which such still, boiler, or other vessel is to be used or set up, by whom it is to be used, its capacity, and the time when the same is to be removed from the place of manufacture; and no such still, boiler, or other vessel shall be set up without the permit in writing of the said collector for that purpose; and

(b) *Penalty for setting up still without permit.* Any person who sets up any such still, boiler, or other vessel, without first obtaining a permit from the said collector of the district in which such still, boiler, or other vessel is intended to be used, or who fails to give such notice, shall pay in either case the sum of \$500, and shall forfeit the distilling apparatus thus removed or set up in violation of law.

(c) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see section 3170.

26 U. S. C. 2819 PREMISES PROHIBITED FOR DISTILLING. No person shall use any still, boiler, or other vessel, for the purpose of distilling, in any dwelling house, or in any shed, yard, or inclosure connected with any dwelling house, or on board of any vessel or boat, or in any building, or on any premises where beer, lager beer, ale, porter, or other fermented liquors, vinegar, or other, are manufactured or produced, or where sugars or sirups are refined, or where liquors of any description are retailed, or where any other business is carried on; or within six hundred feet in a direct line of any premises authorized to be used for rectifying, except that the Secretary is authorized to permit such use for distilling on premises at such lesser distance than six hundred feet as he prescribes, in any case in which he deems that such permission may be granted without danger to the revenue; and every person who does any of the acts prohibited by this section, or aids or assists therein, or causes or procures the same to be done, shall be fined \$1,000 and imprisoned for not less than six months nor more than two years, in the discretion of the court, for each such offense: *Provided*, That saleratus may be manufactured, or meal or flour ground from grain, in any building or on any premises where spirits are distilled; but such meal or flour shall be used only for distillation on the premises; *Provided further*, That any boiler used in generating steam or heating water to be used in any distillery, may be located in any other building or on any other premises to be connected with such still or boiling tubs, by suitable pipes or other apparatus, or the steam from such boiler in the distillery may be conveyed to other premises to be used for manufacturing or other purposes.

26 U. S. C. 2828 DISTILLERS AND RECTIFIERS TO FURNISH FACILITIES AND GIVE ASSISTANCE FOR EXAMINATION OF PREMISES.—(a) *Power of revenue officers.* On the demand of any internal revenue officer or agent, every distiller or rectifier shall furnish strong, safe, and convenient ladders of sufficient length to enable the officer or agent to examine and gauge any vessel or utensil in such distillery or premises; and shall, at all times when required, supply all assistance, lights, ladders, tools, staging, or other things necessary for inspecting the premises, stock, tools, and apparatus belonging to such person, and shall open all doors, and open for examination all boxes,

packages, and all casks, barrels, and other vessels not under the control of the revenue officer in charge, under a penalty of \$500 for every refusal or neglect so to do.

(b) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see section 3170.

26 U. S. C. 2829 **INSTALLATION OF METERS, TANKS, AND OTHER APPARATUS**—(a) *Power of the Commissioner.* The Commissioner, with the approval of the Secretary, is authorized to require at distilleries, breweries, rectifying houses, and wherever else in his judgment such action may be deemed advisable, the installation of meters, tanks, pipes, or any other apparatus for the purpose of protecting the revenue, and such meters, tanks, and pipes and all necessary labor incident thereto shall be at the expense of the person on whose premises the installation is required. Any such person refusing or neglecting to install such apparatus when so required by the Commissioner shall not be permitted to conduct business on such premises.

(b) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see section 3170.

26 U. S. C. 2830 **OFFICER'S AUTHORITY TO BREAK UP GROUNDS OR WALLS**—(a) *Power of revenue agent.* It shall be lawful for any revenue officer, and any person acting in his aid, to break up the ground on any part of a distillery, or premises of a distiller or rectifier, or any ground adjoining or near to such distillery or premises, or any wall or partition thereof, or belonging thereto, or other place, to search for any pipe, cock, private conveyance, or utensil; and, upon finding any such pipe or conveyance leading therefrom or thereto, to break up any ground, house, wall, or other place through or into which such pipe or other conveyance leads, and to break or cut away such pipe or other conveyance, and turn any cock, or to examine whether such pipe or other conveyance conveys or conceals any mash, wort, or beer, or other liquor, which may be used for the distillation of low-wines or spirits, from the sight or view of the officer, so as to prevent or hinder him from taking a true account thereof.

(b) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see section 3170.

26 U. S. C. 2831 **SIGNS OF DISTILLERS, RECTIFIERS, AND WHOLESALE LIQUOR DEALERS.** Every person engaged in distilling or rectifying spirits, and every wholesale liquor dealer, shall place and keep conspicuously on the outside of the place of such business a sign, exhibiting in plain and legible letters, not less than three inches in length, painted in oil-colors or gilded, and of a proper and proportionate width, the name or firm of the distiller, rectifier, or wholesale dealer, with the words: "Registered distillery," "rectifier of spirits," or "wholesale liquor dealer," as the case may be. Every person who violates the foregoing provision by negligence or refusal, or otherwise, shall pay a penalty of \$500.

And every person, other than a rectifier or wholesale liquor dealer who has paid the special tax, or a distiller who has given bond as required by law, who puts up or keeps up the sign required by this section, or any sign indicating that he may lawfully carry on the business of a distiller, rectifier, or wholesale liquor dealer, shall forfeit and pay \$1,000, and shall be imprisoned not less than one month nor more than six months. And every person who works in any distillery, rectifying establishment, or wholesale liquor store, on which no sign is placed and kept, as hereinbefore provided; and every person who knowingly receives at, carries or conveys any distilled spirits to or from, any such distillery, rectifying establishment, warehouse, or store, or who knowingly carries and delivers any grain, molasses, or other raw material to any distillery on which such sign is not placed and kept, shall forfeit all

horses, carts, drays, wagons, or other vehicle or animal used in carrying or conveying such property aforesaid, and shall be fined not less than \$100 nor more than \$1,000, or be imprisoned not less than one month nor more than six months.

26 U. S. C. 2832 **CONDITIONS PRECEDENT TO CARRYING ON BUSINESS OF DISTILLING.** It shall not be lawful for any distiller to commence the business of distilling, until he has given the bond required by law, and complied with the provisions of law relating to the registration and survey of distilleries, and the arrangement and construction of distilleries and the premises connected therewith; nor shall it be lawful for any person to engage in the business of distilling on any premises distant less than six hundred feet in a direct line from any premises used for rectifying; nor shall the processes of distillation and rectification both be carried on within the distance of six hundred feet in a direct line; except that the Secretary is authorized to permit such business of distilling or process of distillation to be carried on at such lesser distance than six hundred feet as he prescribes, in any case in which he deems that such permission may be granted without danger to the revenue.

26 U. S. C. 2834 **MASH, WORT, AND VINEGAR; VINEGAR FACTORIES.** No mash, wort, or wash, fit for distillation or for the production of spirits or alcohol, shall be made or fermented in any building or on any premises other than a distillery duly authorized according to law; and no mash, wort, or wash so made and fermented shall be sold or removed from any distillery before being distilled; and no person, other than an authorized distiller, shall, by distillation, or by any other process, separate the alcoholic spirits from any fermented mash, wort, or wash; and no person shall use spirits or alcohol in manufacturing vinegar or any other article, or in any process of manufacture whatever, unless the spirits or alcohol so used shall have been produced in an authorized distillery and (except in the case of vinegar) the tax thereon paid. Every person who violates any provision of this section shall be fined for each offense not less than \$500 nor more than \$5,000, and be imprisoned not less than six months nor more than two years. Nothing in this section shall be construed to apply to fermented liquors, or to fermented liquids used for the manufacture of vinegar exclusively. But no worm, goose-neck, pipe, conductor, or contrivance of any description whatsoever whereby vapor might in any manner be conveyed away and converted into distilled spirits, shall be used or employed or be fastened to or connected with any vaporizing apparatus used for the manufacture of vinegar; nor shall any worm be permitted on or near the premises where such vaporizing process is carried on.

Nor shall any vinegar factory, for the manufacture of vinegar as aforesaid, be permitted, except as provided in section 2835, within six hundred feet of any distillery or rectifying house. But it shall be lawful for manufacturers of vinegar to separate, by a vaporizing process, the alcoholic property from the mash produced by them, and condense the same by introducing it into the water or other liquid used in making vinegar.

No person, however, shall remove, or cause to be removed, from any vinegar factory or place where vinegar is made, any vinegar or other fluid or material containing a greater proportion than 2 per centum of proof spirits. Any violation of this provision shall incur a forfeiture of the vinegar, fluid, or material containing such proof spirits, and shall subject the person or persons guilty of removing the same to the punishment provided for any violation of this section.

And sections 2827, 2828, and 2830 shall apply to all premises whereon vinegar is manufactured, to all manufacturers of vinegar and their workmen or other persons employed by them.

26 U. S. C. 2835 **VINEGAR FACTORIES OPERATED PRIOR TO MARCH 1, 1879**—(a) *Regulations.* Any vinegar factory for the manufacture of vinegar, established and operated as a vinegar factory prior to March 1, 1879, may be operated for the manufacture of vinegar by the use of alcoholic vapor within such distance less than six hundred feet of any distillery or rectifying house under such regulations as the Commissioner may prescribe with the approval of the Secretary.

26 U. S. C. 2855 **MONTHLY RETURNS OF RECTIFIERS**—(a) *Requirement.* On or before the 10th day of each month every person engaged in rectifying or compounding distilled spirits shall make, in such form as may be prescribed by the Commissioner, a return to the collector of the district, showing the quantity of spirits received for rectification, and from whom received, the quantity dumped for rectification, the quantity rectified, the quantity removed after rectification during the preceding month, and giving such other information as may be required by the Commissioner, such return to be made in duplicate and sworn to by the rectifier; and the collector shall forward one of such returns to the Commissioner.

(b) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see section 3170.

26 U. S. C. 2856 **PENALTY FOR UNLAWFUL RECTIFYING.** Every person who engages in, or carries on, the business of a rectifier with intent to defraud the United States of the tax on the spirits rectified by him, or any part thereof, or with intent to aid, abet, or assist any person or persons in defrauding the United States of the tax on any distilled spirits, or who shall purchase or receive or rectify any distilled spirits which have been removed from a distillery to a place other than the distillery warehouse provided by law, knowing or having reasonable grounds to believe that the tax on said spirits, required by law, has not been paid, shall, for every such offense, be fined not less than \$1,000 nor more than \$5,000, and imprisoned not less than six months nor more than two years.

26 U. S. C. 2857 **BOOKS OF RECTIFIERS AND WHOLESALE DEALERS**—(a) *Requirements.* Every rectifier and every wholesale liquor dealer who sells, or offers for sale, distilled spirits in quantities of five wine-gallons or more to the same person at the same time shall keep daily, at his place of business covered by his special tax stamp, a record of distilled spirits received and disposed of by him, and shall render under oath correct transcripts and summaries of such records: *Provided,* That the Commissioner may in his discretion require such record to be kept at the place where the spirits are actually received and sent out. The records shall be kept and the transcripts shall be rendered in such form, and under such rules and regulations as the Commissioner, with the approval of the Secretary, may prescribe.

The records required to be kept under the provisions of this section and regulations issued pursuant thereto, shall be preserved for a period of four years, and during such period shall be available during business hours for inspection and the taking of abstracts therefrom by the Commissioner or any internal revenue officer.

Every rectifier and wholesale liquor dealer who refuses or neglects to keep such records in the form prescribed by the Commissioner, with the approval of the Secretary, or to make entries therein, or cancels, alters, or obliterates any entry therein (except for the purpose of correcting errors) or destroys any part of such records, or any entry therein, or makes any false entry therein, or hinders or obstructs any internal revenue officer from inspecting such records or taking any abstracts therefrom, or neglects or refuses to preserve or produce such records as required

by this chapter or by regulations issued pursuant thereto, shall pay a penalty of \$100 and, on conviction, shall be fined not less than \$100 nor more than \$5,000, and be imprisoned not less than three months nor more than three years.

Every rectifier and wholesale liquor dealer who refuses or neglects to render transcripts or summaries in the form required by the Commissioner, with the approval of the Secretary, shall, upon conviction, be fined not more than \$100 for each such neglect or refusal.

(b) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see section 3170.

26 U. S. C. 2858 EXEMPTION OF STATES FROM PROVISIONS OF SECTION 2857. The provisions of section 2857 shall not apply to States and Commonwealths and liquor stores operated by such States and Commonwealths that maintain and make available to inspection by Internal-revenue officers such records as will enable such officers to readily trace all distilled spirits received and disposed of by them: *Provided*, That such States and Commonwealths, and the liquor stores operated by them, shall, upon the request of the Commissioner, furnish to the Commissioner such transcripts, summaries, and copies of their records as he shall require.

26 U. S. C. 2861 GAUGING, BRANDING, AND STAMPING RECTIFIED SPIRITS—(a) *Requirement.* Whenever any cask or package of distilled spirits containing five wine gallons or more is dumped by a rectifier for rectification or filled and received from rectification for sale, shipment, or delivery the same shall be gauged, marked, branded and stamped by a storekeeper-gauger, whose duty it shall be to mark and brand the same and place thereon a stamp, which shall state the date when affixed and the number of proof gallons, and shall be in such form as shall be prescribed by the Commissioner with the approval of the Secretary; but the Commissioner may by regulations, approved by the Secretary, provide that the gauging, marking, stamping and branding of such packages so dumped for rectification, or received therefrom, be done by the rectifier instead of by a storekeeper-gauger.

(b) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see section 3170.

26 U. S. C. 2862 STAMPING—(a) *Requirements.* All blanks in any of the forms prescribed in section 2861 shall be duly filled in accordance with the facts in each case. And the stamps therein designated shall in every case be affixed to a smooth surface of the cask or other package, which surface shall not have been previously painted or covered with any substance, and so as to fasten the same securely to the cask or package, and shall be duly canceled, and shall then be immediately covered with a coating of transparent varnish or other substance, so as to protect them from removal or damage by exposure; and such affixing, cancellation; and covering shall be done in such manner as the Commissioner may by regulation prescribe.

26 U. S. C. 2863 MARKING AND STAMPING PACKAGES FILLED ON PREMISES OF WHOLESALE DEALERS—(a) *Requirements.* Every package of distilled spirits containing five wine gallons or more, filled on the premises of a wholesale liquor dealer, who has paid the special tax required by law, shall be marked, branded, and stamped by such wholesale liquor dealer in such manner and under such rules and regulations as the Commissioner, with the approval of the Secretary, may prescribe.

26 U. S. C. 2866 EFFACEMENT OF STAMPS AND BRANDS ON EMPTIED PACKAGES. Every person who empties or draws off, or causes to be emptied or drawn off, any distilled spirits from a cask or package bearing any mark,

brand, or stamp, required by law, shall at the time of emptying such cask or package, efface and obliterate said mark, stamp, or brand. Every such cask or package from which said mark, brand, or stamp is not effaced and obliterated as herein required, shall be forfeited to the United States, and may be seized by any officer of internal revenue, wherever found. And every railroad company or other transportation company, or person who receives or transports, or has in possession with intent to transport, or with intent to cause or procure to be transported, any such empty cask or package, or any part thereof, having thereon any brand, mark, or stamp, required by law to be placed on any cask or package containing distilled spirits, shall forfeit \$300 for each such cask or package, or any part thereof, so received or transported, or had in possession with the intent aforesaid; and every boat, railroad car, cart, dray, wagon, or other vehicle, and all horses and other animals used in carrying or transporting the same, shall be forfeited to the United States. Every person who fails to efface and obliterate said mark, stamp, or brand, at the time of emptying such cask or package, or who receives any such cask or package, or any part thereof, with the intent aforesaid, or who transports the same, or knowingly aids or assists therein, or who removes any stamp provided by law from any cask or package containing, or which had contained, distilled spirits, without defacing and destroying the same at the time of such removal, or who aids or assists therein, or who has in his possession any such stamp so removed as aforesaid, or has in his possession any canceled stamp, or any stamp which has been used, or which purports to have been used, upon any cask or package of distilled spirits, shall be deemed guilty of a felony, and shall be fined not less than \$500 nor more than \$10,000, and imprisoned not less than one year nor more than five years.

26 U. S. C. 2867 BUYING OR SELLING USED CASKS BEARING INSPECTION MARKS. Whenever any person knowingly purchases or sells, with inspection marks thereon, any cask or package, after the same has been used for distilled spirits, he shall forfeit and pay the sum of \$200 for every such cask so purchased or sold.

26 U. S. C. 2868 CHANGING STAMPS OR SHIFTING SPIRITS. Whenever any person changes or alters any stamp, mark, or brand on any cask or package containing distilled spirits, or puts into any cask or package spirits of greater strength than is indicated by the inspection-mark thereon, or fraudulently uses any cask or package having any inspection-mark or stamp thereon, for the purpose of selling other spirits, or spirits of quantity or quality different from the spirits previously inspected therein, he shall forfeit and pay the sum of \$200 for every cask or package on which the stamp or mark is so changed or altered, or which is so fraudulently used, and shall be fined for each such offense not less than \$100 nor more than \$1,000, and imprisoned not less than one month nor more than one year.

26 U. S. C. 2869 AFFIXING IMITATION STAMPS ON PACKAGES OF DISTILLED SPIRITS. If any person shall affix, or cause to be affixed, to or upon any cask or package containing, or intended to contain, distilled spirits, any imitation stamp or other engraved, printed, stamped, or photographed label, device, or token, whether the same be designed as a trade mark, caution notice, caution, or otherwise and which shall be in the similitude or likeness of, or shall have the resemblance or general appearance of, any internal revenue stamp required by law to be affixed to or upon any cask or package containing distilled spirits, he shall, for each offense, be liable to a penalty of \$100, and, on conviction, shall be fined not more than \$1,000, and imprisoned not more than three years, and the cask or package with its contents shall be forfeited to the United States.

26 U. S. C. 2870 PROHIBITED HOURS FOR REMOVAL OF SPIRITS. No person shall remove any distilled spirits at any other time than after sun-rising and before sun-setting in any cask or package containing more than ten gallons from any premises or building in which the same may have been distilled, redistilled, rectified, compounded, manufactured, or stored; and every person who violates this provision shall be liable to a penalty of \$100 for each cask, barrel, or package of spirits so removed; and said spirits, together with any vessel containing the same, and any horse, cart, boat, or other conveyance used in the removal thereof, shall be forfeited to the United States.

26 U. S. C. 2871 REGULATION OF TRAFFIC IN CONTAINERS OF DISTILLED SPIRITS. Whenever in his judgment such action is necessary to protect the revenue, the Secretary is authorized, by the regulations prescribed by him, and permits issued thereunder if required by him (1) to regulate the size, branding, marking, sale, resale, possession, use, and re-use of containers (of a capacity of less than five wine-gallons) designed or intended for use for the sale at retail of distilled spirits (within the meaning of such term as it is used in section 2803) for other than industrial use, and (2) to require, of persons manufacturing, dealing in, or using any such containers, the submission to such inspection, the keeping of such records, and the filing of such reports as may be deemed by him reasonably necessary in connection therewith. Whoever willfully violates the provisions of any regulation prescribed, or the terms or conditions of any permit issued, pursuant to the authorization contained in this section, and any officer, director, or agent of any corporation who knowingly participates in such violation, shall, upon conviction, be fined not more than \$1,000 or be imprisoned for not more than two years, or both; and, notwithstanding any criminal conviction, the containers involved in such violation shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for forfeitures, seizures, and condemnations for violations of the internal-revenue laws, and any such containers so seized and condemned shall be destroyed and not sold. Any requirements imposed under this section shall be in addition to any other requirements imposed by, or pursuant to, law, and shall apply as well to persons not liable for tax under the internal-revenue laws as to persons so liable.

26 U. S. C. 2883 TRANSFER OF SPIRITS AT REGISTERED DISTILLERIES—(a) *Requirements.* Subject to the provisions of existing law, spirits of one hundred and sixty degrees of proof or more produced at registered distilleries, including registered fruit distilleries (such registered distilleries and registered fruit distilleries being referred to hereafter as "distillery" or "distilleries"), may be transferred by means of pipe lines from receiving cisterns in the distillery direct to storage tanks in the internal revenue bonded warehouse located on the bonded premises where produced or located contiguous thereto, and be warehoused in such storage tanks, or they may be withdrawn from the receiving cisterns, without, or after reduction in proof, into approved containers and transferred to any internal revenue bonded warehouse for storage therein, or they may be tax-paid in such approved containers in the cistern rooms of distilleries without being entered into an internal revenue bonded warehouse. Such spirits may be drawn into approved containers from storage tanks in an internal revenue bonded warehouse. Spirits of one hundred and sixty degrees of proof, or more, may be transferred in bond in tank cars from cistern rooms of distilleries or from storage tanks in an internal revenue bonded warehouse and be deposited in storage tanks in any internal revenue bonded warehouse. Such spirits in tanks in internal revenue

bonded warehouses distilled at or above one hundred and ninety degrees of proof may be reduced to not less than one hundred and eleven degrees prior to being drawn into packages. Such spirits, upon tax payment, may be withdrawn in approved containers, including pipe lines to contiguous premises, for use for beverage purposes only. Except as provided in subsection (c) hereof and section 2916, such spirits may not be withdrawn for denaturation.

(d) *Transfer of gin.* Gin of any proof may be transferred in bond by means of pipe lines from receiving cisterns in distilleries direct to storage tanks in the internal revenue bonded warehouse located on the bonded premises where produced, or located contiguous thereto, and be warehoused in such storage tanks. Such gin may, upon tax payment, be transferred by pipe line to a contiguous tax-paid bottling house or rectifying plant.

(f) *Regulations.* The Commissioner, with the approval of the Secretary, is hereby empowered to prescribe all necessary regulations relating to the drawing off, transferring, gaging, storing, redistillation, and transportation of the spirits; the records to be kept and returns to be made; the size and kind of containers to be used; the marking, branding, numbering, and stamping of each container; and the kind of bond and the penal sum thereof.

(g) *Effect on other laws.* Nothing contained in this section shall be construed as restricting or limiting the provisions of other sections of the Internal-revenue laws relating to internal revenue bonded warehouses, distilleries, and bonded wineries.

26 U. S. C. 3030 Tax—(a) *Rate.* (1) *Still wines.*—(A) *Imposition.* Upon all still wines, including vermouth, and all artificial or imitation wines or compounds sold as still wine, produced in or imported into the United States after June 30, 1940, or which on July 1, 1940, were on any winery premises or other bonded premises or in transit thereto or at any customhouse, there shall be levied, collected, and paid taxes at rates as follows, when sold, or removed for consumption or sale:

On wines containing not more than 14 per centum of absolute alcohol, 10 cents per wine-gallon, the per centum of alcohol under this section to be reckoned by volume and not by weight;

On wines containing more than 14 per centum and not exceeding 21 per centum of absolute alcohol, 40 cents per wine-gallon;

On wines containing more than 21 per centum and not exceeding 24 per centum of absolute alcohol, \$1.00 per wine-gallon;

All such wines containing more than 24 per centum of absolute alcohol by volume shall be classed as distilled spirits and shall pay tax accordingly.

(2) *Sparkling wines, liqueurs, and cordials.* Upon the following articles which are produced in or imported into the United States, after June 30, 1940, or which on July 1, 1940, are on any winery premises or other bonded premises or in transit thereto or at any customhouse, there shall be levied, collected, and paid, in lieu of the internal-revenue taxes imposed thereon by law prior to such date, taxes at rates as follows, when sold, or removed for consumption or sale:

On each bottle or other container of champagne or sparkling wine, 10 cents on each one-half pint or fraction thereof;

On each bottle or other container of artificially carbonated wine, 5 cents on each one-half pint or fraction thereof;

On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine, citrus-fruit wine, peach

wine, cherry wine, berry wine, apricot wine, plum wine, plum wine, pear wine, pawpaw wines, papaya wines, pineapple wines, cantaloup wines, or apple wine, fortified respectively, with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, plum brandy, plum brandy, pear brandy, pawpaw brandy, papaya brandy, pineapple brandy, cantaloup brandy, or apple brandy, 5 cents on each one-half pint or fraction thereof;

Any of the foregoing articles containing more than 24 per centum of absolute alcohol by volume (except vermouth, liqueurs, cordials, and similar compounds made in rectifying plants and containing tax-paid sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, plum wine, plum wine, pear wine, pawpaw wines, papaya wines, pineapple wines, cantaloup wines, or apple wine, fortified, respectively, with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, plum brandy, plum brandy, pear brandy, pawpaw brandy, papaya brandy, pineapple brandy, cantaloup brandy, or apple brandy) shall be classed as distilled spirits and shall be taxed accordingly.

(b) *Payment.*—(1) *Stamp.* The taxes imposed by paragraphs (1) and (2) of subsection (a) shall be paid by stamp on removal of the wines from the customhouse, winery, or other bonded place of storage for consumption or sale.

The Commissioner may, under regulations prescribed by him with the approval of the Secretary, issue stamps for restamping packages of wines which have been duly stamped but from which the stamps have been lost or destroyed by unavoidable accident.

(2) *Assessment.* The collection of the tax on imported still wines, including vermouth, and sparkling wines, including champagne, and on imported liqueurs, cordials, and similar compounds, may be made within the discretion of the Commissioner, with the approval of the Secretary, by assessment instead of by stamps.

(See 26 U. S. C. 1650)

26 U. S. C. 3043. PENALTIES AND FORFEITURES—(a) *Offenses.* Whoever evades or attempts to evade any tax imposed by sections 3030 or 3031, or any requirement of this subchapter, or regulation issued pursuant thereto, or whoever, otherwise than as provided in this subchapter, recovers or attempts to recover any spirits from domestic or imported wine, shall, on conviction, be punished for each such offense by a fine of not exceeding \$5,000, or imprisonment for not more than five years, or both, and in addition thereto by a penalty of double the tax evaded, or attempted to be evaded, to be assessed and collected in the same manner as taxes are assessed and collected, and all wines, spirits, liqueurs, cordials, or similar compounds as to which such violation occurs shall be forfeited to the United States. But the provisions of this section and of section 3254 (g) relating to rectification, or other internal revenue laws of the United States, shall not be held to apply to or prohibit the mixing or blending of wines subject to tax under the provisions of section 3030 to 3031, with each other or with other wines for the sole purpose of perfecting such wines according to commercial standards, nor to apply to or prohibit the fermentation of grape wine retsina with resin on bonded winery premises: *Provided*, That nothing herein contained shall be construed as prohibiting the use of tax-paid grain or other ethyl alcohol in the fortification of sweet wines as defined in sections 3036 and 3044.

26 U. S. C. 3170. TRANSFER AND DELEGATION OF POWERS. The Secretary is authorized to confer and impose upon the Commissioner

and any of his assistants, agents, or employees, and upon any other officer, employee, or agent of the Treasury Department, any of the rights, privileges, powers, duties, and protection conferred or imposed upon the Secretary, or any officer or employee of the Treasury Department, by any law now or hereafter in force relating to the taxation, exportation, transportation, manufacture, possession, or use of, or traffic in, distilled spirits, wine, fermented liquors, or denatured alcohol.

26 U. S. C. 3171. RECORDS, STATEMENTS, AND RETURNS—(a) *Requirements.* Every person liable to any tax imposed by this chapter, or for the collection thereof shall keep such records, render under oath such statements, make such returns, and comply with such rules and regulations, as the Commissioner, with the approval of the Secretary, may from time to time prescribe.

26 U. S. C. 3172. DISCRETIONARY METHOD FOR COLLECTING TAX—(a) *Power of Commissioner.* Whether or not the method of collecting any tax imposed by this chapter is specifically provided herein, any such tax may, under regulations prescribed by the Commissioner with the approval of the Secretary, be collected by stamp, coupon, serial-numbered ticket, or such other reasonable device or method as may be necessary or helpful in securing a complete and prompt collection of the tax. All administrative and penalty provisions of subchapters A, B, and C of chapter 11, in so far as applicable, shall apply to the collection of any tax which the Commissioner determines or prescribes shall be collected in such manner.

26 U. S. C. 3173. PENALTIES AND FORFEITURES—(a) *Removal or transportation of liquors or wines under improper brands.* Whenever any person ships, transports, or removes any spirituous or fermented liquors or wines, under any other than the proper name or brand known to the trade as designating the kind and quality of the contents of the casks or packages containing the same, or causes such act to be done, he shall forfeit said liquors or wines, and casks or packages, and be subject to pay a fine of \$500.

(b) *Other violations.* (1) Any person required to pay, or to collect, account for and pay over any tax on distilled spirits, wines, or fermented malt liquors, or required by law or regulations made under authority thereof to make a return or supply any information for the purposes of the computation, assessment or collection of any such tax, who fails to pay, collect, or truly account for and pay over any such tax, make any such return or supply any such information at the time or times required by law or regulation shall in addition to other penalties provided by law be subject to a penalty of not more than \$1,000.

(2) Any person who willfully refuses to pay, collect, or truly account for and pay over any such tax, make such return or supply such information at the time or times required by law or regulation, or who willfully attempts in any manner to evade such tax shall be guilty of a misdemeanor and in addition to other penalties provided by law shall be fined not more than \$10,000 or imprisoned for not more than one year, or both, together with the costs of prosecution.

(3) Any person who willfully refuses to pay, collect or truly account for and pay over any such tax shall in addition to other penalties provided by law be liable to a penalty of the amount of the tax evaded, or not paid, collected, or accounted for and paid over, to be assessed and collected in the same manner as taxes are assessed and collected: *Provided, however*, That no penalty shall be assessed under this paragraph for any offense for which a penalty may be assessed under authority of section 3612, or of section 2801 (f) or 3013, or for any offense for which a

penalty has been recovered under section 2806 (e).

(4) The term "person" as used in this subsection includes an officer or employee of a corporation or a member or employee of a partnership, who as such officer, employee, or member is under a duty to perform the act in respect of which the violation occurs.

26 U. S. C. 3175 OTHER LAWS APPLICABLE All administrative, special, or stamp provisions of law, including the law relating to the assessment of taxes, so far as applicable, shall be extended to and made a part of this chapter.

26 U. S. C. 3176 RULES AND REGULATIONS—(a) *Power of Commissioner.* The Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this chapter.

26 U. S. C. 3179 EXEMPTION AND DRAWBACK IN CASE OF EXPORTATION.

(b) *Drawback.* Upon the exportation of distilled spirits and wines manufactured or produced in the United States on which an internal-revenue tax has been paid, and which are contained in any cask or package or in bottles packed in cases or other containers, there shall be allowed, under regulations to be prescribed by the Commissioner, with the approval of the Secretary, a drawback equal in amount to the tax found to have been paid on such distilled spirits and wines: *Provided,* That such distilled spirits and wines have been packaged or bottled especially for export, under regulations prescribed by the Commissioner, with the approval of the Secretary. The Commissioner, with the approval of the Secretary, is authorized to prescribe regulations governing the determination and payment of drawback of internal-revenue tax on domestic distilled spirits and wines, including the requirement of such notices, bonds, bills of lading, and other evidence of payment of tax and exportation as shall be deemed necessary.

26 U. S. C. 3250 TAX—(a) *Wholesale dealers in liquors.*—(1) *In general.* Wholesale dealers in liquors shall pay a special tax of \$110.

(3) *Retailers selling at wholesale.* Except as provided in section 3254 (c) (2), a qualified retail dealer in liquors may not sell distilled spirits, wines, or malt liquors in quantities of five wine-gallons or more to the same person at the same time without incurring liability to special tax as a wholesale dealer in liquors.

(b) *Retail dealers in liquors.*—(1) *In general.* Except as provided in paragraph (3) of subsection (e), retail dealers in liquors shall pay a special tax of \$27.50.

(4) *Wholesalers selling at retail.* A qualified wholesale dealer in liquors may not sell distilled spirits, wines, or malt liquors in quantities of less than five wine gallons without incurring liability to special tax as a retail dealer in liquors.

(f) *Rectifiers.*—(1) *Rate of tax.* Rectifiers of distilled spirits shall pay a special tax of \$220: *Provided,* That any rectifier of less than 500 barrels a year, counting 40 gallons of proof spirits to the barrel, shall pay \$110.

(2) *Prohibited premises.* No officer shall collect any special tax for rectifying distilled spirits on any premises distant less than six hundred feet (or less than the distance permitted by the Secretary of the Treasury in the particular case) in a direct line from any distillery. And every officer who collects any special tax in violation of this section shall

be liable to a penalty of \$5,000 for each offense.

26 U. S. C. 3254 DEFINITIONS.

(b) *Wholesale dealer in liquors.* Except as otherwise provided, every person who sells, or offers for sale, foreign or domestic distilled spirits, wines, or malt liquors in quantities of five wine-gallons or more to the same person at the same time, shall be regarded as a wholesale dealer in liquors: *Provided,* That the Commissioner may, by regulations, with the approval of the Secretary, provide for the issuance of a stamp denoting payment of such special tax as a "wholesale dealer in wines" or a "wholesale dealer in wines and malt liquors" if as the case may be, wines only, or wines and malt liquors only, are sold by a wholesale dealer in liquors.

(c) *Retail dealer in liquors.* Except as otherwise provided, (1) every person who sells, or offers for sale, foreign or domestic distilled spirits, wines, or malt liquors in less quantities than five wine-gallons to the same person at the same time, shall be regarded as a retail dealer in liquors: *Provided,* That the Commissioner may, by regulations, with the approval of the Secretary, provide for the issuance of a stamp denoting payment of such special tax as a "retail dealer in wines" or a "retail dealer in wines and malt liquors" if, as the case may be, wines only, or wines and malt liquors only, are sold by a retail dealer in liquors.

(2) No retail dealer in liquors shall be held to be a wholesale dealer in liquors solely by reason of sales of five wine-gallons or more to the same person at the same time if such sales are for immediate consumption on the premises where sold.

(g) *Rectifier.* Every person who rectifies, purifies, or refines distilled spirits or wines by any process other than by original and continuous distillation from mash, wort, or wash, through continuous closed vessels and pipes, until the manufacture thereof is complete, and every wholesale or retail liquor dealer who has in his possession any still or leach tub, or who keeps any other apparatus for the purpose of refining in any manner distilled spirits, and every person who, without rectifying, purifying, or refining distilled spirits, shall, by mixing such spirits, wine, or other liquor with any material, manufacture any spurious, imitation, or compound liquors for sale, under the name of whisky, brandy, gin, rum, wine, spirits, cordials, or wine bitters, or any other name, shall be regarded as a rectifier, and as being engaged in the business of rectifying: *Provided,* That nothing in this subsection or section 3250 (f) (1) shall be held to prohibit the purifying or refining of spirits in the course of original and continuous distillation through any material which will not remain incorporated with such spirits when the manufacture thereof is complete.

26 U. S. C. 3270 REGISTRATION—(a) *Requirements.* Every person engaged in any trade or business on which a special tax is imposed by law shall register with the collector of the district his name or style, place of residence, trade or business, and the place where such trade or business is to be carried on. In case of a firm or company, the names of the several persons constituting the same, and the places of residence, shall be so registered.

26 U. S. C. 3271 PAYMENT OF TAX—(a) *Condition precedent to doing business.* No person shall be engaged in or carry on any trade or business mentioned in this chapter until he has paid a special tax therefor in the manner provided in this chapter.

(b) *Due date.* All special taxes shall become due on the 1st day of July in each year, or on commencing any trade or business on

which such tax is imposed. In the former case the tax shall be reckoned for one year, and in the latter case it shall be reckoned proportionately, from the 1st day of the month in which the liability to a special tax commenced, to and including the 30th day of June following.

(c) *How paid.*—(1) *Stamp.* All special taxes imposed by law, including the tax on stills or worms, shall be paid by stamps denoting the tax.

26 U. S. C. 3272 RETURNS—(a) *Time for filing.* It shall be the duty of the special taxpayers to render their returns with remittances to the collector at such times within the calendar month in which the special tax liability commenced as shall enable him to receive such returns, duly signed and verified, together with the remittances, not later than the last day of the month, except in cases of sickness or absence, as provided for in section 3634.

26 U. S. C. 3273—STAMPS.

(b) *Posting.* Every person engaged in any business, avocation, or employment, who is thereby made liable to a special tax, shall place and keep conspicuously in his establishment or place of business all stamps denoting the payment of said special tax.

(c) *Transfer of duties.* For transfer of powers and duties of Commissioner and his agents, see Subchapter D of Chapter 23 and section 3170.

26 U. S. C. 3274. PENALTIES RELATING TO POSTING OF SPECIAL TAX STAMP. Any person who shall, through negligence, fail to place and keep stamps denoting the payment of the special tax as provided in section 3273 (b) shall be liable to a penalty equal to the special tax for which his business rendered him liable, and the costs of prosecution; but in no case shall said penalty be less than \$10. And where the failure to comply with the provisions of section 3273 (b) shall be through willful neglect or refusal, then the penalty shall be double the amount above prescribed: *Provided,* That nothing in this section shall in any way affect the liability of any person for exercising or carrying on any trade, business, or profession, or doing any act for the exercising, carrying on, or doing of which a special tax is imposed by law, without the payment thereof.

26 U. S. C. 3300 ESTABLISHMENT AND ALTERATION—(a) *Authorization.* The Commissioner, with the approval of the Secretary, may establish and, from time to time, alter or change the form, style, character, material, and device of any stamp, mark, or label used under any provision of the laws relating to internal revenue.

(b) *Application of penalty and forfeiture provisions.* All pains, penalties, fines, and forfeitures provided by law relating to internal revenue stamps shall apply to and have full force and effect in relation to any and all stamps so established by the Commissioner.

26 U. S. C. 3301 ATTACHMENT AND CANCELLATION—(a) *General authority to prescribe methods and instruments.* The stamps referred to in the preceding section shall be attached, protected, removed, canceled, obliterated, and destroyed, in such manner and by such instruments or other means as the Commissioner, with the approval of the Secretary, may prescribe; and he is authorized and empowered to make, with the approval of the Secretary, all needful regulations relating thereto.

26 U. S. C. 3601 ENTRY OF PREMISES FOR EXAMINATION OF TAXABLE OBJECTS—(a) *Authority.*—(1) *Entry during day.* Any collector, deputy collector, internal revenue agent, or inspector may enter, in the daytime, any building or place where any articles or objects

subject to tax are made, produced, or kept, within his district, so far as it may be necessary for the purpose of examining said articles or objects.

(2) *Entry at night.* When such premises are open at night, such officers may enter them while so open, in the performance of their official duties.

(b) *Penalty for refusal to permit entry or examination.* Any owner of such building or place, or person having the agency or superintendence of the same, who refuses to admit such officer, or to suffer him to examine such article or articles, shall, for every such refusal, forfeit \$500.

(c) *Other penalties.* If any person shall—

(1) *Forcible obstruction or hindrance to officers.* Forcibly obstruct or hinder any collector, deputy collector, internal revenue agent, or inspector, in the execution of any power and authority vested in him by law, or

(2) *Forcible rescue of seized property.* Forcibly rescue or cause to be rescued any property, articles, or objects, after the same shall have been seized by him, or shall attempt or endeavor so to do, the person so offending, excepting in cases otherwise provided for, shall, for every such offense, forfeit and pay the sum of \$500, or double the value of the property so rescued, or be imprisoned for a term not exceeding two years, at the discretion of the court.

26 U. S. C. 3656 *PAYMENT BY CHECK AND MONEY ORDERS.*—(a) *Certified, cashiers', and treasurers' checks and money orders.*—(1) *Authority to receive.* It shall be lawful for collectors to receive for internal revenue taxes or in payment of stamps to be used in payment of internal revenue taxes certified, cashiers', and treasurers' checks drawn on National and State banks and trust companies, and United States postal, bank, express, and telegraph money orders, during such time and under such regulations as the Commissioner, with the approval of the Secretary, may prescribe.

(2) *Discharge of liability.*—(A) *Check duly paid.* No person who may be indebted to the United States on account of internal revenue taxes or stamps used or to be used in payment of internal revenue taxes who shall have tendered a certified, cashier's, or treasurer's check or money order as provisional payment therefor, in accordance with the terms of this subsection, shall be released from the obligation to make ultimate payment thereof until such certified, cashier's or treasurer's check or money order so received has been duly paid.

(B) *Check unpaid.* If any such check or money order so received is not duly paid, the United States shall, in addition to its right to exact payment from the party originally indebted therefor, have a lien for the amount of such check upon all the assets of the bank on which drawn or for the amount of such money order upon all the assets of the issuer thereof; and such amount shall be paid out of its assets in preference to any or all other claims whatsoever against said bank or issuer except the necessary costs and expenses of administration and the reimbursement of the United States for the amount expended in the redemption of the circulating notes of such bank.

(b) *Other checks.*—(1) *Authority to receive.* Collectors may receive checks in addition to those specified in subsection (a) in payment of taxes other than those payable by stamp during such time and under such rules and regulations as the Commissioner, with the approval of the Secretary, shall prescribe.

(2) *Ultimate liability.* If a check so received is not paid by the bank on which it is drawn the person by whom such check has been tendered shall remain liable for the payment of the tax and for all legal penalties and additions to the same extent as if such check had not been tendered.

SEC. 3809. *VERIFICATION OF RETURNS; PENALTIES OF PERJURY.*—(a) *Penalties.* Any person who willfully makes and subscribes any return, statement, or other document, which contains or is verified by a written declaration that it is made under the penalties of perjury, and which he does not believe to be true and correct as to every material matter, shall be guilty of a felony, and, upon conviction thereof, shall be fined not more than \$2,000 or imprisoned not more than five years, or both.

(b) *Signature presumed correct.* The fact that an individual's name is signed to a return, statement, or other document filed shall be prima facie evidence for all purposes that the return, statement, or other document was actually signed by him.

(c) *Verification in lieu of oath.* The Commissioner, under regulations prescribed by him with the approval of the Secretary, may require that any return, statement, or other document required to be filed under any provision of the internal revenue laws shall contain or be verified by a written declaration that it is made under the penalties of perjury, and such declaration shall be in lieu of any oath otherwise required.

27 U. S. C. 203 *UNLAWFUL BUSINESSES WITHOUT PERMIT.* In order effectively to regulate interstate and foreign commerce in distilled spirits, wine, and malt beverages, to enforce the twenty-first amendment, and to protect the revenue and enforce the postal laws with respect to distilled spirits, wine, and malt beverages:

(a) It shall be unlawful, except pursuant to a basic permit issued under this Act by the Secretary of the Treasury—

(1) to engage in the business of importing into the United States distilled spirits, wine, or malt beverages; or

(2) for any person so engaged to sell, offer or deliver for sale, contract to sell, or ship, in interstate or foreign commerce, directly or indirectly or through an affiliate, distilled spirits, wine, or malt beverages so imported.

(b) It shall be unlawful, except pursuant to a basic permit issued under this Act by the Secretary of the Treasury—

(1) to engage in the business of distilling distilled spirits, producing wine, rectifying or blending distilled spirits or wine, or bottling, or warehousing and bottling, distilled spirits; or

(2) for any person so engaged to sell, offer or deliver for sale, contract to sell, or ship, in interstate or foreign commerce, directly or indirectly or through an affiliate, distilled spirits or wine so distilled, produced, rectified, blended, or bottled, or warehoused and bottled.

(c) It shall be unlawful, except pursuant to a basic permit issued under this Act by the Secretary of the Treasury—

(1) to engage in the business of purchasing for resale at wholesale distilled spirits, wine, or malt beverages; or

(2) for any person so engaged to receive or to sell, offer or deliver for sale, contract to sell, or ship, in interstate or foreign commerce, directly or indirectly or through an affiliate, distilled spirits, wine, or malt beverages so purchased.

This section shall not apply to any agency of a State or political subdivision thereof or any officer or employee of any such agency, and no such agency or officer or employee shall be required to obtain a basic permit under this Act.

27 U. S. C. 205 *UNFAIR COMPETITION AND UNLAWFUL PRACTICES.* It shall be unlawful for any person engaged in business as a distiller, brewer, rectifier, blender, or other producer, or as an importer or wholesaler, of distilled spirits, wine, or malt beverages, or as a bottler, or warehouseman and bottler, of distilled spirits, directly or indirectly or through an affiliate:

(e) *Labeling:* To sell or ship or deliver for sale or shipment, or otherwise introduce in interstate or foreign commerce, or to receive therein, or to remove from customs custody for consumption, any distilled spirits, wine, or malt beverages in bottles, unless such products are bottled, packaged, and labeled in conformity with such regulations, to be prescribed by the Secretary of the Treasury, with respect to packaging, marking, branding, and labeling and size and fill of container (1) as will prohibit deception of the consumer with respect to such products or the quantity thereof and as will prohibit, irrespective of falsity, such statements relating to age, manufacturing processes, analyses, guarantees, and scientific or irrelevant matters as the Secretary of the Treasury finds to be likely to mislead the consumer; (2) as will provide the consumer with adequate information as to the identity and quality of the products, the alcoholic content thereof (except that statements of, or statements likely to be considered as statements of, alcoholic content of malt beverages are hereby prohibited unless required by State law and except that, in case of wines, statements of alcoholic content shall be required only for wines containing more than 14 per centum of alcohol by volume), the net contents of the package, and the manufacturer or bottler or importer of the product; (3) as will require an accurate statement, in the case of distilled spirits (other than cordials, liqueurs, and specialties) produced by blending or rectification, if neutral spirits have been used in the production thereof, informing the consumer of the percentage of neutral spirits so used and of the name of the commodity from which such neutral spirits have been distilled, or in case of neutral spirits or of gin produced by a process of continuous distillation, the name of the commodity from which distilled; (4) as will prohibit statements on the label that are disparaging of a competitor's products or are false, misleading, obscene, or indecent; and (5) as will prevent deception of the consumer by use of a trade or brand name that is the name of any living individual of public prominence, or existing private or public organization, or is a name that is in simulation or is an abbreviation thereof, and as will prevent the use of a graphic, pictorial, or emblematic representation of any such individual or organization, if the use of such name or representation is likely falsely to lead the consumer to believe that the product has been increased, made, or used by, or produced for, or under the supervision of, or in accordance with the specifications of, such individual or organization: *Provided,* That this clause shall not apply to the use of the name of any person engaged in business as a distiller, brewer, rectifier, blender, or other producer, or as an importer, wholesaler, retailer, bottler, or warehouseman, of distilled spirits, wine, or malt beverages, nor to the use by any person of a trade or brand name used by him or his predecessor in interest prior to the date of the enactment of this Act: including regulations requiring, at time of release from customs custody, certificates issued by foreign governments covering origin, age, and identity of imported products: *Provided further,* That nothing herein nor any decision, ruling, or regulation of any Department of the Government shall deny the right of any person to use any trade name or brand of foreign origin not presently effectively registered in the United States Patent Office which has been used by such person or predecessors in the United States for a period of at least five years last past, if the use of such name or brand is qualified by the name of the locality in the United States in which the product is produced, and, in the case of the use of such name or brand on any label or in any advertisement, if such qualification is as conspicuous as such name or brand.

It shall be unlawful for any person to alter, mutilate, destroy, obliterate, or remove any mark, brand, or label upon distilled spirits, wine, or malt beverages held for sale in interstate or foreign commerce or after shipment therein, except as authorized by Federal law or except pursuant to regulations of the Secretary of the Treasury authorizing relabeling for purposes of compliance with the requirements of this subsection or of State law.

In order to prevent the sale or shipment or other introduction of distilled spirits, wine, or malt beverages in interstate or foreign commerce, if bottled, packaged, or labeled in violation of the requirements of this subsection, (1) no bottler of distilled spirits, no producer, blender, or wholesaler of wine, or proprietor of a bonded wine storeroom, and no brewer or wholesaler of malt beverages shall bottle, and (2) no person shall remove from customs custody, in bottles, for sale or any other commercial purpose, distilled spirits, wine, or malt beverages, respectively, after such date as the Secretary of the Treasury fixes as the earliest practicable date for the application of the provisions of this subsection to any class of such persons (but not later than August 15, 1936, in the case of distilled spirits, and December 15, 1936, in the case of wine and malt beverages, and only after 30 days' public notice), unless, upon application to the Secretary of the Treasury, he has obtained and has in his possession a certificate of label approval covering the distilled spirits, wine, or malt beverages, issued by the Secretary of the Treasury in such manner and form as he shall by regulations prescribe: *Provided*, That any such bottler of distilled spirits, or producer, blender, or wholesaler of wine, or proprietor of a bonded wine storeroom, or brewer or wholesaler of malt beverages shall be exempt from the requirements of this subsection if, upon application to the Secretary of the Treasury, he shows to the satisfaction of the Secretary of the Treasury that the distilled spirits, wine, or malt beverages to be bottled by the applicant are not to be sold, or offered for sale, or shipped or delivered for shipment, or otherwise introduced, in interstate or foreign commerce. Officers of internal revenue are authorized and directed to withhold the release of distilled spirits from the bottling plant unless such certificates have been obtained, or unless the application of the bottler for exemption has been granted by the Secretary of the Treasury; and customs officers are authorized and directed to withhold the release from customs custody of distilled spirits, wine, and malt beverages, unless such certificates have been obtained. The District Courts of the United States, the District Court of the United States for the District of Columbia, and the United States court for any Territory shall have jurisdiction of suits to enjoin, annul, or suspend in whole or in part any final action by the Secretary upon any application under this subsection; or

(f) Advertising:

The Secretary of the Treasury shall give reasonable public notice, and afford to interested parties opportunity for hearing, prior to prescribing regulations to carry out the provisions of this section.

27 U. S. C. 206 BULK SALES AND BOTTLING.

(a) It shall be unlawful for any person—

(1) To sell or offer to sell, contract to sell, or otherwise dispose of distilled spirits in bulk except, under regulations of the Secretary of the Treasury, for export or to the following, or to import distilled spirits in bulk except, under such regulations, for sale to or for use by the following: A distiller, rectifier of distilled spirits, person operating a bonded warehouse qualified under the internal-revenue laws or a class 8 bonded ware-

house qualified under the customs laws, a winemaker for the fortification of wines, a proprietor of an industrial alcohol plant, or an agency of the United States or any State or political subdivision thereof.

(2) To sell or offer to sell, contract to sell, or otherwise dispose of warehouse receipts for distilled spirits in bulk unless such warehouse receipts require that the warehouseman shall package such distilled spirits, before delivery, in bottles labeled and marked in accordance with law, or deliver such distilled spirits in bulk only to persons to whom it is lawful to sell or otherwise dispose of distilled spirits in bulk.

(3) To bottle distilled spirits unless the bottler is a person to whom it is lawful to sell or otherwise dispose of distilled spirits in bulk.

(b) Any person who violates the requirements of this section shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year or both, and shall forfeit to the United States all distilled spirits with respect to which the violation occurs and the containers thereof.

(c) The term "in bulk" means in containers having a capacity in excess of one wine gallon.

SUBPART A—SCOPE OF REGULATIONS

§ 190.1 *Rectification of spirits and wines.* These regulations, Regulations 15, "Rectification of Spirits and Wines" (26 CFR Part 190), contain the procedural and substantive requirements relative to the rectification of spirits and wines. The regulations cover requirements governing the location, construction, equipment, qualifying documents, changes in premises, equipment and proprietorship; action by district supervisor and Commissioner; operation and supervision of the rectifying plant; the receipt, dumping, rectification, bottling, rebottling, packaging, stamping, restamping, labeling, and relabeling of spirits; removal of spirits from the rectifying plant; and records and reports of operations at rectifying plants.

SUBPART B—DEFINITIONS

§ 190.5 *Meaning of terms.* As used in this part, unless the context otherwise requires, terms shall have the meanings ascribed in this subpart.

§ 190.6 *Collector.* "Collector" shall mean the collector of internal revenue of the collection district in which the rectifying plant is located.

§ 190.7 *Commissioner.* "Commissioner" shall mean the Commissioner of Internal Revenue.

§ 190.8 *Distilled spirits.* "Distilled spirits" shall mean all the substances produced by the distillation of fermented grain, molasses, or other materials, commonly known as spirits, whisky, rum, gin, brandy, vodka, alcohol, etc.

§ 190.9 *District supervisor or supervisor.* "District Supervisor" or "Supervisor" shall mean the person having charge of a supervisory district of the Alcohol Tax Unit of the Bureau of Internal Revenue.

§ 190.10 *Gallon.* "Gallon" or "wine gallon" shall mean a United States gallon of liquid measure equivalent to the volume of 231 cubic inches.

§ 190.11 *Including.* The word "including" shall not be deemed to exclude

things other than those enumerated which are in the same general class.

§ 190.12 *Inclusive language.* Words in the plural form shall include the singular, and vice versa, and words in the masculine gender shall include females, associations, copartnerships, and corporations.

§ 190.13 *I. R. C.* "I. R. C." shall mean the Internal Revenue Code.

§ 190.14 *Person.* "Person" shall include natural persons, associations, copartnerships, and corporations.

§ 190.15 *Proof.* "Proof" shall mean the ethyl alcohol content of a liquid at 60 degrees Fahrenheit, stated as twice the percent of ethyl alcohol by volume.

§ 190.16 *Proof gallon.* "Proof gallon" shall mean the alcoholic equivalent of a United States gallon at 60 degrees Fahrenheit, containing 50 percent of ethyl alcohol by volume.

§ 190.17 *Proof spirits.* "Proof spirits" shall mean that alcoholic liquor which contains 50 percent of ethyl alcohol by volume at 60 degrees Fahrenheit and which has a specific gravity of 0.93418 in air at 60 degrees Fahrenheit referred to water at 60 degrees Fahrenheit as unity.

(53 Stat. 307; 26 U. S. C. 2809)

§ 190.18 *Proprietor.* "Proprietor" shall mean the proprietor of the rectifying plant, unless otherwise indicated.

§ 190.19 *Rectification.* "Rectification" shall mean any act constituting rectification as defined in section 3254 (g), I. R. C., and in this part.

§ 190.20 *Rectified spirits.* "Rectified spirits" shall mean all the products of rectification.

§ 190.21 *Rectifier.* "Rectifier" shall mean the proprietor of a rectifying plant.

§ 190.22 *Red strip stamps.* "Red strip stamps" shall mean the stamps prescribed under authority of section 2803 (d), I. R. C.

§ 190.23 *Secretary.* "Secretary" shall mean the Secretary of the Treasury.

§ 190.24 *Spirits.* "Spirits" shall mean distilled spirits, wines, cordials, liqueurs, etc., except where otherwise indicated.

§ 190.25 *Tank car.* "Tank car" shall mean a railroad tank car and, for the purpose of receiving tax-paid distilled spirits, shall include a tank truck in accordance with the applicable provision of Regulations 3 (26 CFR Part 182), Regulations 4 (26 CFR Part 183), Regulations 5 (26 CFR Part 184), and Regulations 10 (26 CFR Part 185).

§ 190.26 *U. S. C.* "U. S. C." shall mean the United States Code.

§ 190.27 *Wines.* "Wines" shall mean all kinds and types of wine produced by the fermentation of fruits, berries, or other suitable agricultural products, and all artificial or imitation wines or compounds sold as wine.

SUBPART C—PERSONS REQUIRED TO QUALIFY AS RECTIFIERS

§ 190.30 *General.* Except as provided in §§ 190.31–190.38 any person who rectifies, purifies, or refines distilled spirits or wines, or who, by mixing such spirits or wines with each other, or with any materials, manufactures any spurious, imitation, or compound liquor for sale, and every wholesale or retail liquor dealer who has in his possession any still or leach tub, or who keeps any other apparatus for the purpose of refining in any manner distilled spirits, is a rectifier and must qualify as such.

(53 Stat. 300, as amended, 354, as amended, 388, as amended, 391; 26 U. S. C. 2801, 3043, 3250, 3254)

EXCEPTIONS

§ 190.31 *Distillers.* Distillers who rectify, purify, or refine distilled spirits by original and continuous distillation from mash, wort, or wash through continuous, closed vessels and pipes until the manufacture thereof is complete, or who purify or refine spirits in the course of original and continuous distillation through any materials which will not remain incorporated with such spirits when the manufacture thereof is complete are not required to qualify as rectifiers.

(53 Stat. 300, as amended, 354, as amended, 388, as amended, 391; 26 U. S. C. 2801, 3043, 3250, 3254)

§ 190.32 *Producers of absolute alcohol.* Persons who produce absolute alcohol by the process of extraction of water from high-proof spirits are not required to qualify as rectifiers.

(53 Stat. 300, as amended, 354, as amended, 388, as amended, 391; 26 U. S. C. 2801, 3043, 3250, 3254)

§ 190.33 *Proprietors of bonded wineries or storerooms.* Proprietors of bonded wineries or bonded wine storerooms, who mix or blend untaxed wines for the sole purpose of perfecting such wines according to commercial standards, or who filter, clarify, or purify wines on bonded winery and bonded storeroom premises; and also proprietors of bonded wineries who manufacture vermouth with fortified sweet wine on bonded winery premises are not required to qualify as rectifiers.

(53 Stat. 300, as amended, 354, as amended, 388, as amended, 391; 26 U. S. C. 2801, 3043, 3250, 3254)

§ 190.34 *Manufacturers of alcoholic compounds.* Persons who manufacture alcoholic compounds which are declared by the Commissioner to be unfit for use for beverage purposes are not required to qualify as rectifiers. (See Subpart D of this part.)

(53 Stat. 300, as amended, 354, as amended, 388, as amended, 391; 26 U. S. C. 2801, 3043, 3250, 3254)

§ 190.35 *Apothecaries.* Apothecaries who use wines or spirituous liquors exclusively in the preparation or making up of medicines unfit for use for beverage purposes are not required to qualify as rectifiers.

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(53 Stat. 300, as amended, 354, as amended, 388, as amended, 391; 26 U. S. C. 2801, 3043, 3250, 3254)

§ 190.36 *Manufacturing chemists.* Manufacturing chemists or flavoring extract manufacturers who recover tax-paid alcohol or spirituous liquors from dregs or marc of percolation, if such recovered alcohol or spirituous liquors be again used in the manufacture of medicines or flavoring extracts of the kind in the production of which originally used are not required to qualify as rectifiers.

(53 Stat. 300, as amended, 354, as amended, 388, as amended, 391; 26 U. S. C. 2801, 3043, 3250, 3254)

§ 190.37 *Alcohol plants and bonded warehouses.* Alcohol plants and alcohol bonded warehouses established and operated under Chapter 26, Subchapter C, Part II, I. R. C., and regulations issued pursuant thereto are not required to qualify as rectifiers.

(53 Stat. 300, as amended, 354, as amended, 388, as amended, 391; 26 U. S. C. 2801, 3043, 3250, 3254)

§ 190.38 *Retail liquor dealers.* Retail liquor dealers who mix drinks, after orders have been received therefor, for consumption on the premises where sold are not required to qualify as rectifiers.

(53 Stat. 300, as amended, 354, as amended, 388, as amended, 391; 26 U. S. C. 2801, 3043, 3250, 3254)

SUBPART D—PRODUCTS UNFIT FOR BEVERAGE USE

PRODUCTS EXEMPT FROM SPECIAL AND COMMODITY TAXES

§ 190.45 *U. S. P., N. F., and A. I. H. preparations.* Medicinal preparations manufactured in accordance with formulas prescribed by the United States Pharmacopoeia, the National Formulary, or the American Institute of Homeopathy, that are unfit for use for beverage purposes are considered as meeting the requirements for exemption from special and commodity taxes.

§ 190.46 *Patent medicines.* Patented, patent, and proprietary medicines that are unfit for use for beverage purposes are considered as meeting the requirements for exemption from special and commodity taxes.

§ 190.47 *Toilet preparations.* Toilet, medicinal, and antiseptic preparations and solutions that are unfit for use for beverage purposes are considered as meeting the requirements for exemption from special and commodity taxes.

§ 190.48 *Flavoring extracts.* Flavoring extracts, sirups, and concentrates that are unfit for use as beverages or for intoxicating beverage purposes, or flavoring extracts which conform to the requirements of the Food and Drug Administration, United States Department of Agriculture, are held to be unfit for use for beverage purposes and are considered as meeting the requirements for exemption from special and commodity taxes.

§ 190.49 *Laboratory reagents.* Laboratory reagents, stains, and dyes that are unfit for use for beverage purposes

are considered as meeting the requirements for exemption from special and commodity taxes.

§ 190.50 *Salted wines.* Salted wines which contain not in excess of 21 per cent alcohol by volume and not less than 1.5 grams of salt per 100 cubic centimeters are considered as meeting the requirements for exemption from special and commodity taxes.

§ 190.51 *Sauces.* Sauces or sirups consisting of sugar solutions and intoxicating liquors in which the alcohol does not exceed 12 per cent by volume and the sugar content is not less than 60 grams per 100 cubic centimeters are considered as meeting the requirements for exemption from special and commodity taxes.

§ 190.52 *Brandied fruits.* Brandied fruits consisting of solidly packaged fruits, either whole or segmented, and only sufficient liquor for flavoring and preserving are considered as meeting the requirements for exemption from special and commodity taxes.

§ 190.53 *Food products.* Food products such as mincemeat, plum pudding, and fruit cake where only sufficient liquor is used for flavoring and preserving; and ice cream and ices where only sufficient liquor is used for flavoring purposes are considered as meeting the requirements for exemption from special and commodity taxes.

§ 190.54 *Restrictions.* The products listed in §§ 190.45–190.53, must be sold only for non-beverage purposes. Any sale by the manufacturer for beverage purposes, or under such circumstances as would indicate that the manufacturer knew or had reason to believe that the product sold would be used for beverage purposes, will render the manufacturer liable for special and commodity taxes and penalties.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

§ 190.55 *Formulas and samples.* Manufacturers must submit their formulas and samples of their products to the Commissioner for examination to verify the claim of the manufacturer as to his exemption from tax when requested to do so, or when the manufacturer is in doubt as to the classification of his product.

§ 190.56 *Change of formula.* If the Commissioner shall find at any time that any product manufactured under this Subpart as an unfit product exempt from tax is being used for beverage purposes, or for mixing with beverage liquors other than by a rectifier, he shall notify the manufacturer to desist the manufacturing thereof until the formula is so changed as to render the product not susceptible of beverage use and such change is approved by the Commissioner: *Provided*, That the provisions of this section shall not be so construed as to prohibit the use of such unfit products in small quantities for flavoring drinks at the time of serving for immediate consumption. Where a formula is not so modified, pursuant to notice to desist, as to render the product unsuitable for beverage use, the manufacturer must

immediately qualify as a rectifier and pay the rectification tax.

§ 190.57 *Prohibited manufacture or storage.* None of the products specified in §§ 190.45-190.53, may be manufactured or stored at a rectifying plant, except as specifically provided in § 190.58. While rectifiers may use flavors and flavoring extracts on which drawback of tax on the spirits used therein has been allowed under section 3250 (1), I. R. C., and Regulations 29 (26 CFR Part 197), the premises used for manufacturing the flavors or flavoring extracts, if contiguous to the rectifying premises, must be completely separated from the rectifying premises by solid unbroken partitions and the two premises must not have means of communication with each other within the building. The rectifier may not transfer distilled spirits from the rectifying plant to the flavoring extract manufacturing premises or from the flavoring extract plant premises to the rectifying plant notwithstanding that the two premises may be owned and operated by the same person. Distilled spirits used at the flavoring extract manufacturing premises, must be received direct from the vendor and all records governing the receipt and use of distilled spirits and other ingredients in the manufacture of flavoring extracts must be kept on the flavoring extract manufacturing premises and not on the rectifying premises.

§ 190.58 *Permissible manufacture or storage.* Where flavors or flavoring extracts are manufactured on premises of the rectifying plant, they must be used exclusively in the manufacture of taxable products at such premises and no drawback of tax may be claimed thereon. Nonalcoholic grenadine, or grenadine containing less than one-half of 1 per cent of alcohol by volume and sufficient sugar to render it wholly unfit for use for beverage purposes, or other such flavoring materials, may not be manufactured on the premises of a rectifying plant unless they are to be used by the rectifier in making his taxable products.

USE OF ALCOHOLIC FLAVORING MATERIALS

§ 190.59 *Limitation.* The use of alcoholic flavors or flavoring extracts manufactured on premises other than a rectifying plant must be limited by the rectifier, so that the quantity of alcohol (proof gallons) contained therein will not represent more than 2½ percent of the quantity of alcohol (proof gallons) contained in the finished product, except as provided in § 190.60. For example, one hundred gallons of a finished cordial, fifty degrees of proof, contain fifty proof gallons. As 2½ percent of fifty equals 1.25, the cordial could contain not more than 1.25 proof gallons of alcohol derived from such flavors or flavoring extracts used in its manufacture.

§ 190.60 *Exception to limitation.* In any case where the use of flavors or flavoring extracts in quantities in excess of the 2½ percent limitation prescribed in § 190.59 is required, such limitation shall not apply to the use of any flavors

or flavoring extracts in excess thereof if the flavoring material used is purchased directly from the manufacturer and, as to each lot of purchased flavors or flavoring extracts containing alcohol, the rectifier has available for examination by the storekeeper-gauger an affidavit of the manufacturer showing: The quantity; the date of manufacture; the kind and brand of each flavor or flavoring extract; and that drawback under section 3250 (1), I. R. C., has not been nor will be claimed on any alcohol or distilled spirits contained in the flavor or flavoring extract.

§ 190.61 *New formulas required.* The manufacture of rectified products in which are used alcoholic flavors or flavoring extracts to an extent not consistent with the provisions of §§ 190.59, 190.60, and 190.361, are prohibited. New formulas, submitted for the purpose of showing the use of alcoholic flavors or flavoring extracts in the manufacture of rectified products, must furnish the information required by § 190.361.

SUBPART E—ALCOHOLIC PREPARATIONS FIT FOR BEVERAGE PURPOSES

§ 190.70 *Classed as rectified liquors.* United States Pharmacopoeia tincture of ginger is held to be a rectified liquor. Bitters, patent medicines, and similar alcoholic preparations which are fit for beverage purposes, although held out as having certain medicinal properties, are also classed as rectified liquors. Alcoholic preparations so classed must be manufactured in a rectifying plant and the 30-cent rectification tax must be paid thereon. Such preparations must be manufactured, tax-paid, bottled or packaged, stamped, recorded, and disposed of in accordance with the procedure prescribed in this part for other rectified spirits or products. Sellers of such preparations must qualify as wholesale or retail liquor dealers, or both, according to the quantities which they desire to sell. (See Subpart T of this part.)

(53 Stat. 298, as amended, 388, as amended, 391; 26 U. S. C. 2800, 3250, 3254)

§ 190.71 *Exempt U. S. P. and N. F. preparations.* The following United States Pharmacopoeia and National Formulary preparations which are used by physicians and pharmacists principally as vehicles, and which are capable of beverage use, may be made with alcohol, and sold in good faith for legitimate nonbeverage purposes without incurring liability for rectification and special taxes for their manufacture and sale:

Elisir aromaticum.
Elisir aromaticum rubrum.
Elisir aurantii amari.
Elisir cardamomi compositum.
Elisir glycyrrhizae.
Elisir taraxaci compositum.
Elisir terpinii hydratis.
Spiritus aetheris.
Spiritus myrciae compositus.
Tinctura aurantii dulcis.
Tinctura limonis.

SUBPART F—LOCATION AND USE

§ 190.80 *Restrictions.* Rectifying plants for the rectification of distilled

spirits or wine may not be located on board of any vessel or boat, or within 600 feet in a direct line of a vinegar factory using the vaporizing process, or, except as provided by this part, within 600 feet in a direct line of a distillery or volatile fruit-flavor concentrate plant. The provisions of §§ 190.81-190.83, 190.157, 190.218, 190.272 and 190.300, relating to the carrying on of the business of rectifying spirits or wine at a distance of less than 600 feet in a direct line from a distillery, shall apply equally to the carrying on of such business at a distance of less than 600 feet in a direct line from a volatile fruit-flavor concentrate plant.

(53 Stat. 314, 319, 373, as amended, 26 U. S. C. 2819, 2832, 2834, 3170)

§ 190.81 *Within 600 feet of distillery.* The district supervisor may permit the carrying on of the business of rectifying spirits or wines at a distance of less than 600 feet in a direct line from a distillery, when he is of the opinion that the revenue will not be endangered thereby.

(53 Stat. 314, 319, 373, as amended; 26 U. S. C. 2819, 2832, 3170)

§ 190.82 *Special application.* A person desiring to establish a rectifying plant within 600 feet of a distillery shall file a special application, in triplicate, for such privilege with the district supervisor. The application shall state the location of the rectifying plant and the distillery, the distance between the premises, the name of the distiller, a description of any connecting pipe lines, the reason for locating the rectifying plant within 600 feet of the distillery, and any additional information which the district supervisor may require. The district supervisor will take action on such special application in accordance with the procedure prescribed in § 190.300.

(53 Stat. 314, 319, 373, as amended; 26 U. S. C. 2819, 2832, 3170)

§ 190.83 *Changes requiring approval.* Where there is to be a change in the distance between a rectifying plant and a distillery located within 600 feet of each other as a result of the extension or curtailment of either premises, a new special application, in triplicate, must be filed with the district supervisor by the proprietor of the premises which are to be extended or curtailed. Where a change occurs in the proprietorship of a rectifying plant or distillery located within 600 feet of each other, the new proprietor shall file with the district supervisor a new special application, in triplicate. Unless the rectifying plant premises are extended or curtailed as the result of such change, the change may be reflected in the next amended notice, Form 27-B, and plat filed by the rectifier. Such new special application shall be considered and disposed of in accordance with § 190.300.

(53 Stat. 314, 319, 373, as amended; 26 U. S. C. 2819, 2832, 3170)

§ 190.84 *Use of premises.* The premises of a rectifying plant shall be used exclusively for the business of rectification and the bottling of liquors, whether rectified or not.

(53 Stat. 300, as amended; 26 U. S. C. 2801)

SUBPART G—CONSTRUCTION

§ 190.90 *Building or rooms.* The rectifying plant must be so constructed and equipped as to be suitable for the rectification of spirits by the process, or processes, of rectification which the rectifier proposes to use. The room or building must be securely constructed of brick, stone, wood, concrete, or other substantial material, and must be completely separated from contiguous buildings or rooms by solid, unbroken partitions, or floors of substantial construction, except as provided in this part. Where the rectifying plant is under the same roof or in the same building in which the rectifier or his affiliate or subsidiary operates a tax-paid bottling house, wholesale liquor dealer premises, or another rectifying plant, the district supervisor may, in his discretion, authorize the rectifying plant to be separated from such premises by partitions of expanded metal or woven wire of not less than 9-gauge nor more than 2-inch mesh extending from the floor to the ceiling or roof: *Provided*, That such partitions of expanded metal or woven wire may not be authorized if the tax-paid bottling house operates alternately as a bottling in bond department of an internal revenue bonded warehouse. All partitions shall extend from the ground to the roof, or from the floor to the ceiling if a room is used, and if the rectifying plant is under the same roof or in the same building in which is located an internal revenue bonded warehouse, or a tax-paid bottling house, the two premises must not have means of communication with each other within the building, except by approved pipe lines as authorized in this part: *Provided*, That where a rectifying plant has heretofore been established under the same roof, or in the same building, with an internal revenue bonded warehouse or a tax-paid bottling house with interior communication between the two premises, it may continue to operate in such location if the revenue will not be jeopardized thereby. Where distilled water or tax-paid spirits are to be transferred by pipe line to, or from, the rectifying plant in accordance with this part necessary openings for the passage of the required pipe lines may be permitted in the walls or partitions, and necessary openings for passage of approved water, steam, sewer, or similar lines may likewise be permitted in the walls or partitions. Where contiguous wholesale liquor dealer premises are used in lieu of a finished product room, the necessary doors or openings may be permitted in the walls or partitions.

§ 190.91 *Means of ingress and egress.* The doors must lead into the yard connected with the rectifying plant or a public street: *Provided*, That where a room is used, the door may open into an elevator shaft, or a common passageway partitioned off from other businesses, leading either directly or through another elevator shaft or similar passageway to the street or yard. The partitions forming a common passageway shall be substantially constructed of solid materials or expanded metal or woven wire of not less than 9-gauge nor more than 2-inch mesh, and shall extend from the

floor to the ceiling or roof, but doors may be permitted therein if they do not afford interior communication with an internal revenue bonded warehouse in the same building. Common passageways must be used exclusively as means of communication.

(53 Stat. 300; 26 U. S. C. 2801)

§ 190.92 *Doors, windows, and other openings.* The doors, windows, and other openings in the room or building comprising the rectifying plant must be so arranged and constructed that they may be securely locked or fastened. No door, window, or other opening will be permitted in the walls or floors leading into another room or building which is not a part of the rectifying plant.

§ 190.93 *Division of premises.* The division of the rectifying plant into departments, as required by this subpart, shall be effected by securely constructed, solid partitions or by expanded metal or woven wire of not less than 9-gauge nor more than 2-inch mesh. The partitions in all instances shall extend from the floor to the ceiling or roof, or not less than 12 feet from the floor. There may be communicating doors or elevators between the various departments of the rectifying plant, but such departments shall not be separated from each other by intervening businesses. If more than one room is used for the same purpose, such rooms shall be given alphabetical designations, as "A," "B," "C," etc. A sign must be posted over the door to each room indicating its use.

§ 190.94 *Receiving room.* A room must be provided for the storage of all alcohol, distilled spirits, or wines, received for rectification or for bottling, which room shall be used exclusively for such purpose and shall be designated "Receiving Room": *Provided*, That the district supervisor may, in his discretion, approve storage tanks meeting the requirements of § 190.118, located in rectifying rooms.

§ 190.95 *Rectifying room.* A separate room designated "Rectifying Room" must be provided, wherein all operations in connection with the rectification, blending, bottling, etc., of spirits must be conducted. The rectifying room may be further divided as provided in §§ 190.96-190.98.

§ 190.96 *Quick-aging room.* Where a separate room is provided for the treatment of spirits in barrels and kegs for quick-aging purposes, such room shall be designated "Quick-aging Room."

§ 190.97 *Champagne room.* Where champagne or other sparkling wines are manufactured, a separate room designated "Champagne Room" must be provided therefor, unless the rectifying room is used exclusively for the manufacture of such liquors.

§ 190.98 *Wine bottling room.* Where it is impracticable to bottle wine and certain cordials and liqueurs from the prescribed locked bottling tanks, and it is necessary to bottle such products from the original package or from the container in which compounded, the rectifier must provide for such bottling a

room to be designated "Wine Bottling Room." Such room shall be constructed of substantial, solid materials, and the doors and other openings must be so constructed that they may be securely locked or fastened from the inside, except the entrance door which must be so constructed that it may be securely locked from the outside of the room with a Government lock.

§ 190.99 *Finished products room.* A room must be provided by the rectifier for the storage of spirits packaged by him: *Provided*, That if the rectifier conducts no bottling operations whatsoever and his entire production is transferred by pipe line to a contiguous tax-paid bottling house or rectifying plant for bottling, or if the rectifier maintains a contiguous wholesale liquor dealer room and removes all spirits thereto immediately upon tax-payment and completion of bottling, a finished products room need not be provided. Where a finished products room is provided, it shall be used exclusively for the purpose specified and shall be designated "Finished Products Room."

§ 190.100 *Export storage room.* If the rectifier intends to bottle or package distilled spirits or wines for export with benefit of drawback, a separate room for the storage of such products exclusively must be provided and designated "Export Storage Room." The room must be constructed of substantial, solid material: *Provided*, That the partitions separating such room from other parts of the rectifying plant may be constructed of expanded metal or woven wire of not less than 9-gauge nor more than 2-inch mesh, extending from the floor to the ceiling or roof. All windows, door, or other openings must be so constructed that they may be securely locked or fastened from the inside, except the entrance door, which must be so constructed that it may be securely locked from the outside of the room with a Government seal lock.

(53 Stat. 377, as amended; 26 U. S. C. 3179)

§ 190.101 *Empty container storeroom.* If empty barrels, bottles, or other containers are stored within the rectifying plant, they must be segregated from filled containers. If a separate room is provided for such purpose, it will be designated "Empty Container Storeroom."

§ 190.102 *Office facilities.* The rectifier shall provide and maintain on the rectifying plant premises suitable office facilities, including desk and file cabinet, for the use of Government officers. There shall also be provided a metal cabinet of adequate strength and size, or a securely constructed room or vault, suitably equipped for locking with a Government seal lock, for use in safeguarding the keys to Government locks, seals, and other Government property, and stamps in the custody of Government officers. Such facilities shall be subject to approval by the district supervisor.

SUBPART H—SIGN

§ 190.110 *Posting of sign.* The rectifier shall place and keep conspicuously

on the outside and at the front of the rectifying plant or over the front entrance thereto, where it can be plainly seen, a sign, exhibiting in plain and legible letters, painted in oil colors or gilded, not less than 3 inches in height and of a proper and proportionate width, the name of the rectifier and the words, "Rectifier of Spirits," and "Plant No. —," using the registry number assigned by the district supervisor.

SUBPART I—EQUIPMENT

§ 190.115 *Scales.* All scales used for weighing spirits shall be tested from time to time by the proprietor by means of test weights or otherwise to insure their accuracy. The rectifier must provide suitable and accurate scales for weighing spirits to be dumped from or drawn into packages. The beams or dials must indicate weight in half-pound graduations.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.116 *Weighing tanks.* Where weighing tanks are used for gauging spirits, such tanks shall be constructed of metal, or other suitable material, and shall be stationary. Weighing tanks may be used for gauging rectified spirits for determining the amount of tax, or gauging tax-exempt products prior to transfer of the spirits to a bottling tank, if such weighing tanks conform to the requirements of § 190.124. After such gauging, the spirits must be immediately tax-paid, if subject to the rectification tax, and transferred to a bottling tank. Each weighing tank shall be mounted on accurate scales and shall have plainly and legibly painted thereon the words "Weighing Tank," followed by its serial number and capacity in gallons. The beams or dials of scales must be graduated to enable readings to be made as follows: To the nearest $\frac{1}{2}$ pound for scales having a capacity not to exceed 2,000 pounds; to the nearest 1 pound for scales having a capacity of over 2,000 pounds, but not exceeding 6,000 pounds; to the nearest 2 pounds for scales having a capacity over 6,000 pounds, but not exceeding 20,000 pounds; to the nearest 5 pounds for scales having a capacity over 20,000 pounds, but not exceeding 50,000 pounds; and to the nearest 10 pounds for scales having a capacity over 50,000 pounds: *Provided*, That except in the case of scales having a capacity of more than 2,000 pounds, not less than twenty percentum of the total capacity of the weighing tank scales may be entered into the tank when spirits are to be gauged for taxpayment.

(53 Stat. 318; 26 U. S. C. 2829)

§ 190.117 *Test weights.* The rectifier shall provide a set of ten 50-pound cast-iron test weights, which shall be certified by the National Bureau of Standards or State departments of weights and measures, as conforming to Class "C" requirements of the National Bureau of Standards, and provide a suitable place where the weights may be secured with a Government lock. If the rectifier has provided such test weights at a distillery, internal revenue bonded warehouse, industrial alcohol plant or bonded warehouse, bonded winery, or tax-paid

bottling house, operated by him on contiguous or nearby premises, he need not provide a separate set of weights for the rectifying plant. If the rectifier receives and fills only small packages, he may provide only such number of test weights as will exceed the maximum weight of any such package. All test weights shall be placed under the control and in the custody of the storekeeper-gauger in charge, who shall keep them under Government lock when not in use. In case a scale becomes inaccurate for any reason, the storekeeper-gauger will not permit it to be used while it is in such condition.

§ 190.118 *Storage tanks.* If spirits are received in tank cars, or by pipe line, or if wines are received in tank trucks, suitable storage tanks must be provided within which to store such spirits, except that such storage tanks will not be required in the case of spirits which are transferred directly to processing and bottling tanks in accordance with §§ 190.407 to 190.408. Each storage tank shall be constructed of metal or other suitable material and shall be equipped with a suitable device, or mounted on accurate scales, whereby the contents can be accurately determined. There shall be painted on each tank the words, "Storage Tank," followed by its serial number and capacity in gallons. A suitable board shall be provided on each storage tank for the attachment of Forms 703-A, 1520, or 1440, as provided in this part. Manheads, inlets, and outlets of the tanks must be provided with facilities for locking with Government locks. Stopcocks must be provided and so arranged as to control completely the flow of spirits, both into and out of the tank. The construction of the valves must be such that they can be secured with Government locks. Storage tanks may be permanently connected with pipe lines for the conveyance thereto of air and distilled water, but the distilled water pipe line must be affixed to the top of the tank. Such pipe lines must be equipped with a control valve which may be locked with a Government lock. Pipe lines used for the conveyance of air must also be equipped with a check valve located near the point of entry to the tank in order to effectively prevent any abstraction of spirits from the tank. Other pipe lines, except those used for the conveyance of spirits, may not be permanently connected with such tanks.

(53 Stat. 318, 335, as amended; 26 U. S. C. 2829, 2863)

§ 190.119 *Dumping and reducing tanks.* If dumping and reducing tanks are provided, the same shall be located in the rectifying room and shall be equipped with a suitable device whereby the contents can be accurately determined. Each such tank shall have plainly and legibly painted thereon the words, "Dumping and Reducing Tank," followed by its serial number and capacity in gallons.

(53 Stat. 318; 26 U. S. C. 2829)

§ 190.120 *Processing tanks.* The rectifier shall provide a sufficient number of processing tanks, which shall be located in the rectifying room. Processing tanks shall be equipped with a suitable

device whereby the contents can be accurately determined. Each such tank shall have plainly and legibly painted thereon the words, "Processing Tank," followed by its serial number and capacity in gallons. Tanks used for blending, compounding, quick-aging, percolating, etc., will be considered processing tanks and must be so marked. Processing tanks may be used for gauging rectified spirits for determining the amount of tax, or gauging tax exempt products, prior to transfer of the spirits to a bottling tank if such processing tanks conform with the requirements of § 190.124. After such gauging, the spirits must be immediately tax-paid, if subject to the rectification tax, and transferred to a bottling tank.

(53 Stat. 318; 26 U. S. C. 2829)

§ 190.121 *Processing receptacles.* Where barrels or other similar containers are used for rectifying, each such receptacle shall be marked with the words, "Processing Receptacle," followed by its serial number and capacity in gallons. Such receptacles must be so constructed and located that the contents thereof may be readily determined by Government officers. Open bowls, similar to crocks and jars used for macerating, in which spirits are held for a short time during the process of mixing, must be designated "Processing Receptacle," and be located in the rectifying room.

§ 190.122 *Receiving tanks.* Where rectified products are produced by redistillation, such as gin and cordials, or where spirits are redistilled, the rectifier must provide a requisite number of receiving tanks. Each such tank shall be constructed of metal or other suitable material and equipped with a suitable device whereby the contents can be accurately determined. Manheads, inlets, and outlets of such tanks must be provided with facilities for locking with Government locks. Each such tank shall have plainly and legibly painted thereon words indicating its use, as "Gin Receiving Tank," "Cordial Receiving Tank," "Heads and Tails Receiving Tank," etc., followed by its serial number and capacity in gallons. Receiving tanks must be located in the rectifying room.

(53 Stat. 318; 26 U. S. C. 2829)

§ 190.123 *Quick-aging packages.* Where spirits are treated in barrels or kegs for quick-aging or other purposes, each such package shall be marked "Quick-aging Package," followed by its serial number and capacity in gallons. Quick-aging packages must be located in the rectifying room or in the quick-aging room, if one has been provided.

§ 190.124 *Bottling tanks.* Where spirits are bottled at the rectifying plant, the rectifier shall provide in the rectifying room, or bottling room if one is provided, one or more bottling tanks securely constructed of metal or other suitable material. Each bottling tank shall be mounted on accurate scales, or equipped with a suitable device whereby the actual contents will be accurately and precisely indicated, and shall have plainly and legibly painted thereon the words "Bottling Tank," followed by its

serial number and capacity in gallons. A suitable board shall be provided on each bottling tank for the attachment of Forms 237 and 230. Each bottling tank must be closed, and any necessary openings therein affording access to the interior, or to the contents, must be closed and secured with a cover, which will be secured by a Government lock or fastened and sealed. Stopcocks must be provided and so arranged as to completely control the flow of spirits both into and out of the bottling tank, and so constructed that they may be locked with a Government lock. The pipe connections containing such stopcocks or valves must be brazed, welded, or otherwise secured to the tank in such a manner that they cannot be detached or altered without showing evidence of tampering, and the outlet pipe connections on bottling tanks shall be equipped with check valves. The pipe line connecting the bottling tanks with the bottling machine must conform to the requirements of § 190.132. Bottling tanks may be permanently connected with pipe lines for the conveyance thereto of air and distilled water, but the distilled water pipe line must be affixed to the top of the tank. Such pipe lines must be equipped with a control valve which may be locked with a Government lock. Pipe lines used for the conveyance of air must also be equipped with a check valve located near the point of entry to the tank in order to effectively prevent any abstraction of spirits from the tank. Other pipe lines, except those used for the conveyance of spirits, may not be permanently connected with such tanks. Bottling tanks shall be accurately and precisely calibrated. Bottling tanks may not be used prior to their approval in accordance with the provisions of § 190.306.

§ 190.125 *Special bottling tanks.* Where highly aromatic liquors, such as anisette and crème de menthe, are produced and bottled, and a special bottling tank is necessary for the bottling thereof, the rectifier may provide in the rectifying room or bottling room one or more small bottling tanks suitable for such purpose. Such special bottling tanks must be constructed, arranged, and secured as provided by § 190.124 in the case of regular bottling tanks, and each special bottling tank shall have plainly and legibly painted thereon the words, "Special Bottling Tank," followed by its serial number and capacity in gallons. (53 Stat. 318; 26 U. S. C. 2829)

§ 190.126 *Package filling tanks.* Where distilled spirits or wines are to be packaged especially for export with benefit of drawback, tanks suitable for the purpose, and constructed and equipped in accordance with the provisions and requirements of § 190.124 governing the construction and equipment of bottling tanks, shall be provided by the rectifier. The bottling tank may be used as the package filling tank, provided it is equipped with an approved outlet for filling packages and such outlet is equipped for locking with a Government lock when not in use.

(53 Stat. 318, 377, as amended; 26 U. S. C. 2829, 3179)

§ 190.127 *Gravity tanks.* The rectifier may, if necessary, install a small gravity tank between the bottling tanks and bottling machine, for the purpose of maintaining a constant head pressure or to afford a gravity flow to the bottling machine. Such tank must be so arranged that it can be filled only through the bottling tanks and the same must be connected with the bottling tanks and the bottling machine as provided in §§ 190.132, and 190.137-190.140. The capacity of the gravity tank shall be no larger than necessary. The manhead, if any, shall be equipped for locking with a Government lock. Gravity tanks must be equipped with a suitable device whereby the contents can be accurately determined, and each such tank shall have plainly and legibly marked thereon the words, "Gravity Tank," followed by its serial number and capacity in gallons. (53 Stat. 318; 26 U. S. C. 2829)

§ 190.128 *Accumulation tanks.* Where the rectifier removes distilled spirits from the bottling line which contain sediment or foreign matter, or which otherwise require refiltering or rebottling, he may install suitable accumulation tanks in the bottling room for the accumulation of such spirits. Each such tank shall have plainly and legibly painted thereon the words "Accumulation Tank," followed by its serial number and capacity in gallons. If the spirits accumulated in each tank are of the same class and type, they may be returned to the bottling tank system for refiltering and bottling with the same batch of spirits. The return of the spirits to the bottling tank system must be under the supervision of the storekeeper-gauger. Unless the spirits are refiltered and bottled with the same lot of spirits from which they were originally bottled, they must be returned for rerectification under an approved formula, or, in the case of spirits not subjected to taxable rectification, returned to the dumping and reducing tank for commingling with spirits without rectification within the limitation of § 190.697. In such case, appropriate notation will be made on the Form 230 or Form 237 relative to the return of the spirits.

§ 190.129 *Stills.* All stills in the rectifying plant shall be located in the rectifying room and shall be of substantial construction and must have a clear space of not less than 1 foot around them. Every still must have plainly and legibly painted thereon words indicating its use, or uses, as "Gin Still," "Cordial Still," "Water Still," etc., followed by its serial number and capacity in wine gallons. All stills, except cordial stills of not more than 250 wine-gallon capacity and water stills, shall be connected with the receiving tanks by continuous permanent pipe lines: *Provided*, That, where such receiving tank is mounted on scales, the pipe line may be connected with the tank by means of flexible connections with the ends permanently attached and secured by means of Government cap seals, or by brazing or welding, to the inlet of the tank and to the pipe line. If the gin still is equipped with a pipe line to by-pass the berry basket, such pipe line must be equipped

with a valve for locking with a Government lock.

§ 190.130 *Other rectifying equipment.* Other rectifying equipment shall be located in the rectifying room and, where practicable, shall be appropriately marked. Tanks used for more than one purpose shall be marked accordingly, as "Weighing and Storage Tank," but processing tanks used for the rectification of spirits may not be used in connection with the bottling of spirits without rectification.

§ 190.131 *Distilled water storage tanks.* If the rectifier produces distilled water, or receives the same by pipe line from contiguous establishments operated under internal revenue laws and regulations, distilled water storage tanks shall be provided and so located that their contents may be readily inspected by Government officers. Each such tank shall be equipped with a suitable device whereby the contents can be accurately determined, and shall have plainly and legibly marked thereon the words, "Distilled Water Storage Tank," followed by its serial number and capacity in gallons. Where distilled water is to be conveyed by pipe line to contiguous establishments operated under the internal revenue laws and regulations, the storage tanks from which the distilled water is to be conveyed must be so constructed that any necessary openings therein may be closed and secured with a Government lock. The pipe line must be securely constructed as provided in § 190.135. Barrels or other wooden containers in which distilled spirits were previously packaged may not be used for the removal of distilled water.

(53 Stat. 318; 26 U. S. C. 2829)

PIPE LINES

§ 190.132 *Pipe lines connecting bottling tanks and bottling machine.* The bottling tanks shall be connected with the bottling machine by a fixed pipe line exposed to view throughout its entire length, unless the outlet of the tank is equipped with a valve so constructed that it can be secured with a Government lock. Where detachable hose connections are used and it is desired to bottle spirits in the absence of the storekeeper-gauger either during or after regular business hours, the connections shall be enclosed within a secure wire cage or room equipped for locking with a Government lock, or, if preferred, the ends of each such connection may be securely sealed to the inlet or outlet of the tank and to the pipe line or the inlet of the bottling machine, as the case may be.

(53 Stat. 318; 26 U. S. C. 2829)

§ 190.133 *Pipe lines to contiguous tax-paid bottling house or rectifying plant.* Pipe lines used for the conveyance of spirits to a contiguous tax-paid bottling house or rectifying plant for bottling, as provided in §§ 190.650 to 190.654, shall be constructed, secured, and marked in accordance with the applicable provisions of § 190.134. A permanent pipe line must be installed to connect the tank in the rectifying plant with the bottling tank in the contiguous tax-paid bottling house or rectifying plant, to which spirits

are to be transferred, and each such pipe line must be equipped with a valve, in the transferring rectifying plant, capable of being locked with a Government lock. Each pipe line to a contiguous tax-paid bottling house or rectifying plant shall have painted thereon, at a point near the manifold or valve controlling the flow, identification as to the premises to which the pipe line leads, as "TPBH-7", "RP-7", etc. Where spirits are to be conveyed from two or more tanks in the rectifying plant or to two or more bottling tanks in the contiguous tax-paid bottling house or rectifying plant, the pipe line may be connected by manifold connections so arranged as to control the flow of spirits from or into each tank. There shall be painted on each pipe line extending from the manifold to the bottling tanks a number corresponding with the serial number of the bottling tank with which the pipe line is connected, unless the arrangement of the pipe line is such that the identity of the tank with which it is connected is apparent. Where the tank in the transferring rectifying plant is mounted on scales, the pipe line may be connected therewith by means of short, detachable hose connections if the end of the pipe line is equipped with a valve which may be locked with a Government lock. Pipe lines used for the conveyance of spirits to a contiguous tax-paid bottling house or rectifying plant shall be constructed, secured, and so arranged that each such pipe line can be completely drained after each transfer of spirits.

§ 190.134 Pipe lines from other contiguous premises. The pipe lines used for the conveyance of tax-paid spirits to storage, processing, or bottling tanks must be of a fixed and permanent character, securely constructed and connected and so arranged as to be exposed to view throughout their entire lengths. Such pipe lines, except those from a bonded winery, must be secured by brazing, welding, fastening and sealing, or locking with Government locks as to effectually prevent disconnection and access to the spirits. When the storage, processing, or bottling tanks are mounted on scales the pipe line may be connected therewith by means of short, detachable hose connections if the end of the pipe line is equipped with a valve which may be locked with a Government lock. Where spirits are to be conveyed to two or more storage, processing, or bottling tanks in the rectifying plant, the pipe lines may be connected with such tanks by manifold connections so arranged as to control the flow of spirits both into or out of each tank. Each pipe line from a contiguous establishment shall have painted thereon, at a point near the manifold or valve controlling the flow, identification as to the premises from which the pipe line originated, as "RD-7", "IRBW-2", etc. Filters may be installed in pipe lines connected with bottling tanks, if inlet and outlet lines to be attached to filters are equipped with valves which may be locked with Government locks. Only spirits which are to be bottled without rectification

may be conveyed by pipe line from contiguous premises directly into bottling tanks. There shall be painted on each pipe line extending from the manifold to storage, processing, or bottling tanks, a designation and number corresponding with the serial number of the tank with which the pipe line is connected, unless the arrangement of the pipe line is such that the identity of the tank with which it is connected is apparent.

(53 Stat. 318, 335, as amended; 26 U. S. C. 2829, 2883)

§ 190.135 Distilled water pipe lines. The pipe line used for the conveyance of distilled water to contiguous establishments operated under the internal revenue laws and regulations must be an independent one, without any connection with any other pipe, tank, vessel, or utensil on the rectifying plant premises, except the distilled water storage tank: *Provided*, That where distilled water is to be so conveyed from two or more distilled water storage tanks, the pipe line may be connected with such tanks by permanent manifold connections. The pipe line must be of a fixed and permanent character, securely constructed and so arranged as to be exposed to view throughout its entire length. The valves, flanges, and other connections in such pipe line on the rectifying plant premises must be brazed, welded, or otherwise secured, in such a manner that the pipe line and its connections cannot be detached or altered without showing evidence of tampering. Where distilled water is produced in the rectifying plant, the distilled water storage tank must be connected with the water still by a continuous, fixed, pipe line.

(53 Stat. 318, 335, as amended; 26 U. S. C. 2829, 2883)

§ 190.136 Colors for pipe lines. The pipe lines in the rectifying plant used for conveying the following substances shall be kept painted in the colors indicated:

Black.....	Spirits.
Blue.....	Vapor, high wines, low wines, and heads and tails.
Brown.....	Residue from stills.
White.....	Water.
Aluminum....	Steam.
Orange.....	Air.
Purple.....	Refrigerants.

These colors are intended for such pipe lines only and are prescribed for the purpose of distinguishing such pipe lines from each other and from all other pipe lines on the premises which are painted but for which colors are not prescribed. The painting in one of the prescribed colors or a color similar thereto, of a pipe line for which a color is not prescribed, is prohibited. Pipe lines for which colors are not prescribed may be painted in sections of contrasting colors.

SEALING PIPE LINES

§ 190.137 General. Where flanges, unions, valves and other detachable connections in pipe lines are not secured by welding or brazing, and are not to be secured by Government locks, they must be prepared by the rectifier for sealing with Government "cap" seals.

(53 Stat. 318; 26 U. S. C. 2829)

§ 190.138 Sealing flanges. Flanges may be prepared for sealing by one of the following methods:

(a) By applying a "castle" nut with a hole drilled through the bolt so that the sealing wire may be passed through like a cotter pin, two such nuts being applied to each flange, opposite each other, unless the flange is secured with an uneven number of bolts, in which case three such nuts will be applied at approximately equal distances apart;

(b) By drilling a small hole through both nut and bolt, two such bolts and nuts being drilled for each flange, opposite each other, unless the flange is secured with an uneven number of bolts, in which case three bolts and nuts will be so drilled at approximately equal distances apart; or

(c) By drilling a hole through the corner of the head of the bolt and one through the corner of the nut so the two will be sealed together, two such bolts and nuts being drilled for each flange, opposite each other, unless the flange is secured with an uneven number of bolts, in which case three bolts and nuts will be so drilled at approximately equal distances apart.

(53 Stat. 318; 26 U. S. C. 2829)

§ 190.139 Sealing unions. Unions will be prepared for sealing by enclosing the same in a metal box with holes for the sealing wire.

(53 Stat. 318; 26 U. S. C. 2829)

§ 190.140 Sealing valves. Small gate and globe valves may be prepared for sealing by enclosing the packing nut and hood with a metal band or strap drawn tightly around the valve and fitted for reception of the sealing wire, or by drilling a hole in the packing nut so that the sealing wire may be passed through and drawn around the pipe and sealed. Where valves have large flanges, such flanges may be sealed in the same manner as other flanges.

(53 Stat. 318; 26 U. S. C. 2829)

DETAILS OF CONSTRUCTION AND EQUIPMENT

§ 190.141 General. Where details of construction and equipment are not covered by this part, such construction and equipment must afford the same degree of security and protection to the spirits in the rectifying plant as is intended by the construction and equipment specifications prescribed in this subpart. The Commissioner may approve details of construction and equipment in lieu of those specified in this subpart where it is shown that it is impracticable to conform to the prescribed specifications, and the proposed construction and equipment will afford as much security and protection as the construction and equipment prescribed. Where it is proposed to substitute construction and equipment for that for which specifications are prescribed, or where any doubt prevails in regard to the security and protection which will be afforded by construction and equipment not covered by this part, approval of the Commissioner should be first obtained.

(53 Stat. 318; 26 U. S. C. 2829)

§ 190.142 *Plants heretofore established.* Rectifying plants heretofore established may continue to operate unless the present construction and equipment do not afford adequate security and protection to the revenue. The Commissioner or district supervisor may at any time require the proprietor to make changes in construction and equipment conforming to the provisions of this part, if deemed necessary to safeguard the revenue or to permit more economical and efficient supervision by Government officers. All rectifying plants hereafter established, and changes in existing rectifying plants, must be in conformity with this part.

(53 Stat. 318; 26 U. S. C. 2829)

SUBPART J—QUALIFYING DOCUMENTS

§ 190.155 *Notice, Form 27-B.* Every person intending to engage in the business of a rectifier must give notice of such intention on Form 27-B, in triplicate, to the district supervisor before engaging in the business. Except as provided in § 190.162 in the case of amended and supplemental notices, all of the information indicated by the headings of the various columns and lines on the form, and the instructions printed thereon or issued in respect thereto, and as required by this part, shall be furnished. Notices on Form 27-B must be signed in accordance with the instructions printed on the form and sworn to before an officer authorized to administer oaths: *Provided*, That if the form officially prescribed for such notice contains therein a provision for verification by a written declaration that such notice is made under the penalties of perjury, such notice shall be verified by the execution of such declaration, and such declaration so executed shall be in lieu of the oath required herein for verification. Such notices must be numbered serially commencing with number 1 and continuing in regular sequence for all notices thereafter filed, whether amended or supplemental. All data, written statements, affidavits, and other documents submitted in support of the notice shall be deemed to be a part thereof.

(53 Stat. 309, 373, as amended, 53 Stat. 667; 26 U. S. C. 2812, 3170, 3809)

§ 190.156 *Federal Alcohol Administration Act permit.* Under the Federal Alcohol Administration Act and Regulations 1 (27 CFR Part 1) issued pursuant thereto, any person, except an agency of a State or political subdivision thereof, or any officer or employee of any such agency, intending to engage in the business of rectifying distilled spirits and wines, is required to procure a rectifier's basic Federal Alcohol Administration Act permit (Form 1638) therefor. In addition, a basic warehousing and bottling permit (Form 1642) must be procured where unrectified spirits, or spirits rectified by another are warehoused and bottled. The trade names or styles under which it is intended to conduct the business must be specified in the permit. Applications for such permits should be filed on Forms 1637 and 1641, respectively, with the dis-

trict supervisor at the time of filing notice, Form 27-B.

(Sec. 3, 49 Stat., 978; 27 U. S. C. 203)

§ 190.157 *Distance from distillery or vinegar plant.* If the rectifying plant premises are situated more than 600 feet in a direct line from any premises authorized to be used for distilling spirits, or from a vinegar factory using the vaporizing process, such fact shall be stated on Form 27-B. If the distance between the rectifying plant premises and the premises of a distillery is less than 600 feet in a direct line, there must be stated in the notice, Form 27-B, the name of the proprietor of the distillery, the exact distance in feet and inches between the rectifying plant and distillery, and whether the location of the rectifying plant within such distance of the distillery has been approved by the district supervisor. If such location of the rectifying plant has been approved by the district supervisor, the date of such approval shall be given. If the distance between the rectifying plant premises and a vinegar factory using the vaporizing process is less than 600 feet in a direct line, such fact shall be stated on the form, and also whether or not the vinegar factory was established and operated as such prior to March 1, 1879.

(53 Stat. 309, 314, 319, 320, 373, as amended; 26 U. S. C. 2812, 2819, 2834, 2835, 3170)

§ 190.158 *Description of apparatus and equipment.* There must be described on Form 27-B, in the space provided therefor, all storage tanks, receiving tanks, processing tanks, bottling tanks, and stills, which shall be listed separately as to serial number and capacity in wine gallons. All other regular and permanent rectifying equipment must be described on Form 27-B.

(53 Stat. 309; 26 U. S. C. 2812)

§ 190.159 *Description of rooms.* All rooms on the rectifying plant premises shall be accurately described on Form 27-B. The description shall include the designated name of the room, which shall be according to its use, such as receiving room, rectifying room, bottling room, and finished products room, the materials of which constructed, the dimensions thereof, the location of doors, windows and other openings and the manner in which they are secured and protected. The materials of which partitions are constructed, and the height thereof, must also be stated. If more than one room is used for the same purpose, the name shall include an alphabetical designation to distinguish them, as "Receiving Room A," "Receiving Room B," etc.

(53 Stat. 309; 26 U. S. C. 2812)

§ 190.160 *Liquors to be used and produced.* The kinds of liquors proposed to be used in rectification, and the kinds of liquors proposed to be produced by such rectification, must be stated on Form 27-B.

(53 Stat. 309; 26 U. S. C. 2812)

§ 190.161 *Capacity.* The estimated maximum quantity, in wine gallons and proof gallons, of spirits or wines which can be rectified in every 24 hours by the

use of all the apparatus and equipment in the rectifying plant, and the estimated quantity, in wine gallons and proof gallons, of spirits and wines which will be rectified every 24 hours and the portion thereof for which exemption from the rectifying tax will be claimed, must be stated on Form 27-B.

(53 Stat. 309; 26 U. S. C. 2812)

§ 190.162 *Amended and supplemental notices.* Amended and supplemental notices on Form 27-B may be executed in skeleton form, except as to the items amended or supplemented. All other items which are correctly set forth in prior notices, and in which there has been no change since the last preceding notice, may be incorporated in the amended or supplemental notice by reference to the respective notice previously filed. Such incorporation by reference shall be made by entering for each such item, in the space provided therefor, the statement "No change since filing Form 27-B, Serial No. _____" (the number being inserted), and the date of such form. The Commissioner or district supervisor may at any time, in his discretion, require the filing of a complete notice on Form 27-B.

(53 Stat. 309; 26 U. S. C. 2812)

§ 190.163 *Formulas and processes, Form 27-B Supplemental.* The rectifier must submit Form 27-B Supplemental, in quadruplicate, for each formula and process to be employed in the rectification of spirits or wines, which shall constitute a part of the notice, Form 27-B. The statement of formula and process shall be prepared in accordance with Subpart S.

(53 Stat. 309; 26 U. S. C. 2812)

§ 190.164 *Corporate documents.* There must be submitted with, and made a part of, the original or initial notice on Form 27-B, given by a corporation to engage in the business of a rectifier, properly certified copies, in triplicate, of the following documents:

- (a) Articles of incorporation and any amended articles of incorporation.
- (b) Certificate of incorporation.
- (c) Certificate authorizing corporation to operate in State where rectifying plant is located, if other than that in which incorporated.
- (d) Extracts of minutes of meetings of stockholders, showing election of directors.
- (e) By-laws.
- (f) Extracts of the minutes of the meetings of the Board of Directors, showing the election of officers.
- (g) Extracts of the minutes of meetings of the Board of Directors, authorizing certain officers or other persons to sign for the corporation.
- (h) List of names and addresses of the officers and directors.
- (i) List of stockholders, as provided in § 190.165.

(53 Stat. 309; 26 U. S. C. 2812)

§ 190.165 *List of stockholders.* In the case of corporations and similar legal entities, there must be submitted with Form 27-B, at the commencement of business, and annually thereafter on May

1, a list of the names and addresses of all stockholders and other persons interested in the corporation or other legal entity and the amount and nature of the stock holding, or other interest of each, whether such interest appears in the name of the interested party or in the name of another for him: *Provided*, That where more than 100 persons are interested in the corporation or other legal entity as stockholders or otherwise, there need be furnished only the names and addresses and the amounts and nature of the stock holding or other interest of the 100 persons having the largest ownership or other interest in each of the respective classes of stock or other interest, except where more complete information shall be specifically required by the Commissioner or the district supervisor: *And provided further*, That where there has been no change in the stockholders and other persons interested in the corporation or other legal entity, or in the extent of the stock holding or other interest of such persons, the rectifier may furnish on May 1 of each year, a certified statement, in triplicate, to that effect in lieu of the prescribed list. Where a corporation operates two or more rectifying plants or other plants situated in the same supervisory district, or wholly owns one or more subsidiaries operating rectifying plants or other plants so situated, and in connection with qualifying for the operation of one of such rectifying plants or other establishments files a list of stockholders and other persons interested, as prescribed in this section, the filing of an additional list for each rectifying plant will not be required, provided that in lieu of such additional list there is submitted by such corporation a certificate, in triplicate, definitely identifying the corporation and plant with whose notice the list of stockholders and other persons interested is filed, and giving the date of the filing thereof.

(53 Stat. 309; 26 U. S. C. 2812)

§ 190.166 *Affidavit*. In the case of a corporation, there must be submitted with each list of stockholders an affidavit, in triplicate, executed by an officer of the corporation authorized so to do, showing the number of shares of each class of stock or other evidence of ownership, such as voting trust certificates, authorized and outstanding, the par value thereof, and the voting rights of the respective owners or holders, and certifying to the correctness of the list of stockholders or the statement authorized to be furnished in lieu of such list. In the case of an individual owner, copartnership, or association, there must be submitted with Form 27-B, at the commencement of business, and annually thereafter on May 1, an affidavit, in triplicate, giving the name of every person interested or to be interested in the rectifying plant, whether such interest appears in the name of the interested party or in the name of another for him.

(53 Stat. 309; 26 U. S. C. 2812)

§ 190.167 *Articles of copartnership or association*. In the case of a copartnership or association, a certified copy, in triplicate, of the articles of copartner-

ship or association, if any, shall be submitted with and constitute a part of the notice, Form 27-B.

(53 Stat. 309; 26 U. S. C. 2812)

§ 190.168 *Trade name certificate*. Where the rectifier is to do business under a firm or trade name, there must be submitted with and made a part of the notice, Form 27-B, certified copies, in triplicate, of the certificate or other document filed with or issued by State officials under the laws of the State to cover the transaction of business under such firm or trade name. If no such certificate or other document is required by the laws of the State to be filed with or issued by State officials to cover the transaction of business under a firm or trade name, the rectifier shall furnish a statement, in triplicate, to that effect.

(53 Stat. 309; 26 U. S. C. 2812)

§ 190.169 *Power of attorney, Form 1534*. If the notice or other qualifying documents are signed by an attorney in fact for an individual, copartnership, association, or corporation, or by one of the members for a copartnership or association, or, in the case of a corporation, by an officer or other person not authorized to sign by the corporate documents described in § 190.164, such notice or other qualifying documents must be supported by a duly authenticated copy of the power of attorney conferring authority upon the person signing the document to execute the same. Such powers of attorney shall be executed on Form 1534, in triplicate, and submitted to the district supervisor.

(53 Stat. 309; 26 U. S. C. 2812)

§ 190.170 *Execution of power of attorney*. Where the principal giving the power of attorney is an individual, it must be executed by him in person, and not by an agent. In the case of a copartnership or association, powers of attorney authorizing one or more of the members, or another person, to execute documents on behalf of the copartnership or association must be executed by all of the members constituting the same. However, if one or more members less than the whole number constituting the copartnership or association have been delegated the authority to appoint agents or attorneys in fact, the power of attorney may be executed by such member or members, provided it is supported by a duly authenticated copy, in triplicate, of the document conferring authority upon the member or members to execute the same. Where, in the case of a corporation, powers of attorney are executed by an officer thereof, such documents must be supported by triplicate copies of the authorization of such officer so to do, certified by the secretary or assistant secretary of the corporation under the corporate seal, if any, to be true copies.

(53 Stat. 309; 26 U. S. C. 2812)

§ 190.171 *Duration of power of attorney*. Powers of attorney authorizing the execution of documents on behalf of a person engaged in, or intending to engage in, the business of a rectifier shall continue in effect until written notice, in triplicate, of the revocation of such authority is received by the district super-

viser, unless terminated by operation of law.

(53 Stat. 309; 26 U. S. C. 2812)

§ 190.172 *Bond, Form 34*. Every person intending to commence the business of a rectifier shall, upon filing his notice of such intention, Form 27-B, and before proceeding with such business, execute a bond on Form 34, in triplicate, in conformity with the provisions of Subpart K of this part, and file the same with the district supervisor.

§ 190.173 *Penal sum*. The penal sum of the rectifier's bond, Form 34, shall be not less than the amount of internal revenue tax that the rectifier will be liable to pay in a period of 30 days, but in no case shall the penal sum of the bond be less than \$1,000 or greater than \$100,000. Where the rectifier has not furnished bond in the maximum penal sum of \$100,000 and the rectification tax, including tax under section 3030 (a), I. R. C., on the quantity of spirits and wines actually rectified during any period of 30 days, exceeds the penal sum of the bond on file, he must furnish immediately a new or additional bond in a sufficient penal sum, effective as of the beginning of such period. If an additional bond is furnished, it must be in accordance with § 190.204.

§ 190.174 *Registry of stills, Form 26*. Every person having in his possession or custody, or under his control, any still or distilling apparatus set up must register the same with the supervisor for the district in which the still is located, on Form 26, immediately it is set up. The Form 26 shall be executed, in triplicate, in accordance with the headings of the various columns and lines on the form, and the instructions printed thereon or issued in respect thereto and as required by this part. Form 26 must be sworn to before an officer authorized to administer oaths: *Provided*, That if the form officially prescribed for such notice contains therein a provision for verification by a written declaration that such notice is made under penalties of perjury, such notice shall be verified by the execution of such declaration, and such declaration so executed shall be in lieu of the oath required herein for verification.

(53 Stat. 308, as amended, 373, as amended, 63 Stat. 667; 26 U. S. C. 2810, 3170, 3809)

§ 190.175 *Plat and plans*. Every person intending to engage in the business of a rectifier must submit to the district supervisor with his notice, Form 27-B, an accurate plat of the rectifying plant premises and accurate plans of the buildings or rooms, apparatus and equipment thereon, in triplicate, conforming to the requirements of Subpart L of this part.

§ 190.176 *Additional information*. The Commissioner or the district supervisor may at any time, in his discretion, require the rectifier to furnish such additional information as he may deem necessary.

§ 190.177 *Instruments and papers*. The terms, conditions, and instructions contained in instruments and papers required to be furnished by law or this Part

are hereby made a part of this part as fully and to the same extent as if incorporated in this part.

SUBPART K—BONDS AND CONSENTS OF SURETY

§ 190.185 General requirements. Every person required to file a bond or consent of surety under this part shall prepare and execute it on the prescribed form, in triplicate, in accordance with the lines on the form, and the instructions printed thereon or issued in respect thereto, and as required by this Part, and shall submit it to the district supervisor.

§ 190.186 Surety or security. Bonds required by this part shall be given with surety or collateral security.

(Sec. 1, 28 Stat. 279, 6 U. S. C. 6; sec. 1126, 44 Stat. 122, sec. 7, 49 Stat. 22, 6 U. S. C. 15)

§ 190.187 Corporate surety. Bonds may be given with corporate surety authorized by the Secretary of the Treasury to become surety on Federal bonds, subject to the limitations prescribed by the Secretary in Treasury Department Form 356, Commissioner of Accounts and Deposits, Section of Surety Bonds, which is issued semiannually, and subject to such amendatory circulars as may be issued from time to time.

(Sec. 1, 28 Stat. 279, 6 U. S. C. 6; c. 109, 36 Stat. 241, 6 U. S. C. 8)

§ 190.188 Two or more corporate sureties. A bond executed by two or more corporate sureties shall be the joint and several liability of the principal and the sureties: *Provided*, That each corporate surety may limit its liability in terms upon the face of the bond in a definite, specified amount, which amount shall not exceed the limitations prescribed for such corporate surety by the Secretary, as set forth in Treasury Department Form 356. When the sureties so limit their liability, the aggregate of such limited liabilities must equal the required penal sum of the bond.

(Sec. 1, 28 Stat. 279, 6 U. S. C. 6; c. 109, 36 Stat. 241, 6 U. S. C. 8)

§ 190.189 Powers of attorney. Powers of attorney and other evidence of appointment of agents and officers to execute bonds on behalf of corporate sureties are required to be filed with, and passed upon by, the Commissioner of Accounts and Deposits, Section of Surety Bonds, Treasury Department. Such powers and other evidence of appointment need not be filed with, or submitted to, district supervisors.

§ 190.190 Individual sureties. Bonds may be given with individual sureties, of which there must be not less than two, each of whom must qualify by executing Form 33, in triplicate. Individual sureties must be citizens of the United States and reside in the State in which the business of the principal is to be conducted. No person will be accepted as an individual surety in a State in which he is not authorized to become a surety.

§ 190.191 Ownership of real property. Each individual surety must own unencumbered real property, in fee simple, the appraised value of which, over and

above any exemptions from execution allowed by the laws of the State, is equal to the penal sum of the bond. The amount of unencumbered real property which individual sureties are required to own must be located within the State where the business of the principal is to be conducted.

§ 190.192 Description of real property. The real property must be described in the surety's affidavit, Form 33, with all of the formalities required in conveyances of real estate by the laws of the State in which it is situated.

§ 190.193 Execution of Form 33. The surety's affidavit on Form 33 shall contain all of the information required by the various lines on the form, and the instructions printed thereon or issued in respect thereto, and as required by this part. The form shall be subscribed and sworn to before an officer duly authorized to administer oaths, and one copy thereof shall be attached to each copy of the bond to which it relates.

§ 190.194 Certificate of title. There must be submitted with the surety's affidavit, Form 33, a certificate of title, in triplicate, showing that the surety has a fee simple title, free of encumbrances, to the realty described in the form.

§ 190.195 Appraisal. There will also be submitted with Form 33 an appraisal, in triplicate, by two or more competent persons designated by the district supervisor for the purpose, showing separately the value of the land and buildings, and a full and clear statement of the method employed by them in determining their valuation. The appraisal shall be at the expense of the principal on the bond, unless it is made by Government officers.

§ 190.196 Investigation. The district supervisor must cause an investigation to be made of all the facts stated in the surety's affidavit on Form 33 and supporting documents.

§ 190.197 Requalification. The Commissioner or district supervisor may at any time, in his discretion, require the requalification of individual sureties on Form 33.

§ 190.198 Interest in business. The surety, whether individual or corporate, must have no interest whatever in the business covered by the bond.

§ 190.199 Deposit of collateral. Bonds or notes of the United States, or other obligations which are unconditionally guaranteed as to both interest and principal by the United States, may be pledged and deposited by principals as collateral security in lieu of individual or corporate sureties. District supervisors on receiving such bonds or notes, or other obligations, pledged and deposited by principals as collateral security in lieu of surety, shall deposit such securities in accordance with Department Circular No. 154, revised (31 CFR Part 225).

(Sec. 1126, 44 Stat. 122, sec. 7, 49 Stat. 22; 6 U. S. C. 15)

§ 190.200 Consents of surety. Consents of surety to a change in the terms of a bond must be executed on Form 1533,

in as many copies as are required of the bond which they affect, by the principal and all sureties with the same formality and proof of authority to execute as are required for the execution of bonds. Form 1533 will be used by obligors on collateral bonds as well as those on surety bonds. The Form 1533 must properly identify the bond affected thereby and state specifically and precisely what is covered by the extended terms thereof. If the surety is a corporation, the consent may be executed by an agent or attorney in fact duly authorized so to do by power of attorney filed by the surety with the appropriate district supervisor, or the consent may be executed by the home office officials of such corporate surety; except that in cases where the saving of time is an element, the consent may be executed by an agent or attorney in fact where the home office officials, by specific direction, order its execution. A copy of such specific direction should be attached to each copy of the consent.

§ 190.201 Approval required. No individual, firm, partnership, corporation, or association, intending to commence or to continue the business of a rectifier shall commence or continue such business until all bonds in respect of such business required by any provision of law have been approved.

(53 Stat. 311; 26 U. S. C. 2815)

§ 190.202 Authority to approve. District supervisors are authorized to approve all bonds and consents of surety required by this part.

(53 Stat. 311, 377, as amended; 26 U. S. C. 2815, 3179)

§ 190.203 Cause of disapproval. Bonds or consents of surety submitted by any individual, firm, partnership, corporation, or association, in respect to the business of a rectifier may be disapproved if the individual, firm, partnership, corporation, or association, giving the same, or owning, controlling, or actively participating in the management of such business of the individual, firm, partnership, corporation, or association, giving the same, shall have been previously convicted in a court of competent jurisdiction of any fraudulent noncompliance with any provision of any law of the United States, if such provision relates to internal revenue or customs taxation of distilled spirits, wines, or fermented malt liquors, or if such an offense shall have been compromised with the individual, firm, partnership, corporation, or association upon payment of penalties or otherwise; any felony under a law of any State, Territory, or the District of Columbia, or the United States, prohibiting the manufacture, sale, importation, or transportation of distilled spirits, wines, fermented malt liquors, or other intoxicating liquor. The rectifier's bond, Form 34, may also be disapproved if the situation of the rectifying plant is such as would enable the rectifier to defraud the United States.

(53 Stat. 311; 26 U. S. C. 2815)

§ 190.204 Additional or strengthening bonds. In all cases where the penal sum of the bond on file and in effect is not sufficient, computed as prescribed by law

and regulations, the principal may give an additional or strengthening bond in a sufficient penal sum, provided the surety thereon is the same as on the bond already on file and in effect; otherwise a new bond covering the entire liability will be required. Such additional or strengthening bonds, being filed to increase the bond liability of the principal and the surety, are in no sense substitute bonds, and the district supervisor will refuse to approve any additional or strengthening bond where any notation is made thereon intended, or which may be construed, as a release of any former bond, or as limiting the amount of either bond to less than its full penal sum. Additional or strengthening bonds must show the current date of execution and the effective date in the blank spaces provided therefor. Such bonds must have marked thereon, by the obligors at the time of execution, "Additional Bond," or "Strengthening Bond."

§ 190.205 *New bond.* A new bond may be required at any time in the discretion of the Commissioner or district supervisor. A new bond shall be required immediately in the case of the death or insolvency of an individual surety, or the insolvency of a corporate surety. Executors, administrators, assignees, receivers, trustees, or other persons acting in a fiduciary capacity, continuing or liquidating the business of the principal, must execute and file a new bond or obtain the consent of the surety or sureties on the existing bond or bonds. When, in the opinion of the Commissioner or the district supervisor, the interests of the Government demand it, or in any case where the security of the bond becomes impaired in whole or in part for any reason whatever, the principal will be required to give a new bond. Where a bond is found to be not acceptable, the principal shall be required to file immediately a new and satisfactory bond, or discontinue business forthwith.

§ 190.206 *Superseding bond.* Where a new bond is submitted by the principal to supersede a bond or bonds then in effect, and such superseding bond has been approved, notice of termination of the superseded bond may be issued as provided in Subpart Q. Superseding bonds must show the current date of execution and the date they are to be effective, and each such bond shall have marked thereon by the obligors at the time of execution, "Superseding Bond."

SUBPART L—PLATS AND PLANS

§ 190.215 *Plat and plans required.* Every person intending to engage in the business of a rectifier must, as provided in § 190.175, file an accurate plat and accurate plans of the rectifying plant premises, apparatus, and equipment, in triplicate, with the district supervisor.

§ 190.216 *Preparation.* Every plat and plan shall be drawn to scale, and each sheet thereof shall bear a distinctive title, enabling ready identification. The cardinal points of the compass must appear on each sheet except the elevational flow diagrams (plans). The

minimum scale of any plat will not be less than $\frac{1}{50}$ inch per foot. Each sheet of the original plat and plans shall be numbered, the first sheet being designated number 1, and the other sheets numbered in consecutive order. Plats and plans shall be submitted on sheets of tracing cloth, opaque cloth, or sensitized linen. The dimensions of plats and plans shall be 15 by 20 inches, outside measurement, with a clear margin of at least 1 inch on each side of the drawing, lettering, and writing. Plats and plans may be original drawings, or reproductions made by the "ditto process," or by blue- or brown-line lithoprint if such reproductions are clear and distinct.

§ 190.217 *Depiction of rectifying plant premises.* Plats must show the outer boundaries of the rectifying plant premises, in feet and inches, in a color contrasting with those used for other drawings on the plat, and must contain an accurate depiction of the building, or buildings, comprising the premises, and any driveway, public highway, or railroad right-of-way adjacent thereto or connecting therewith. The depiction of the premises shall agree with the description in the notice, Form 27-B. If the premises are separated by a public highway or railroad right-of-way, and the tracts of land comprising the premises, or parts thereof, abut on such highway or right-of-way opposite each other, the different tracts will be depicted separately, in feet and inches. If two or more buildings are to be used, the designated name of each shall be indicated, and all pipe lines or other connections, if any, between the same depicted. Where two or more buildings are used for the same purpose, the name of each such building shall include an alphabetical designation, beginning with "A", and they shall be so shown on the plat. All first floor exterior doors of each building on the premises will be shown on the plat. If the rectifying plant consists of a room or a floor of a building, an entire outline of the building, the precise location and dimensions of the room or floor, and the means of ingress and egress to a public street or yard shall be shown. Except as provided in § 190.226, all pipe lines leading to or from the premises, the purpose for which used, and the points of origin and termination will be indicated on the plat.

§ 190.218 *Distillery within 600 feet.* Where a rectifying plant is to be established on premises at a distance of less than 600 feet in a direct line from a distillery, the plat must show the relative location of such premises, all pipe lines and other connections, if any, between them, and the distance, in feet and inches, that they are from each other in a direct line. The outlines of the two premises must be shown in contrasting colors.

§ 190.219 *Contiguous premises.* Where a distillery, internal revenue bonded warehouse, tax-paid bottling house, or other premises on which liquors are manufactured, stored, or sold, are contiguous to the rectifying plant

premises, the plat must show the relative location of the rectifying plant and such contiguous premises, the distance they are from each other, and all pipe lines, if any, and other connections between them. The outlines of such contiguous premises and the rectifying plant premises must also be shown in contrasting colors.

§ 190.220 *Floor plans.* The plans shall include a floor plan of each building, showing the general dimensions of the rooms and floors, and the location of all doors, windows, and other openings, and how such openings are protected. If a portion of a building is used, such as a room or floor, the floor plans will include only that portion, and shall also show the means of ingress and egress to the street. All fixed apparatus and equipment, except pipe lines, must be shown in their exact location on the floor plans and their designated use indicated. Except as provided in this subpart, pipe lines need not be shown. In the case of stills, tanks, and similar equipment, the serial number and capacity shall also be shown.

§ 190.221 *Elevational flow diagrams.* Elevational flow diagrams (plans) shall be submitted which shall depict all equipment in its approximate operating sequence and elevation by floors, with all connecting pipe lines, valves, flanges, measuring devices, and attachments for Government locks. Where flanges, unions, or other connections in pipe lines are brazed, welded, or otherwise permanently secured in such a manner as to constitute a continuous, single pipe line, the location of such flanges, unions, or other connections, and the manner of securing the same, need not be shown on the plans. The elevation by floors on the diagrams may be indicated by horizontal lines representing floor levels. All major fixed equipment, such as stills and tanks, must be identified on the plans as to number and use. The elevational flow diagram must be so drawn that all fixed pipe lines, except those indicated by § 190.226, may be readily traced from beginning to end. Other types of drawings that clearly depict the information required by this section may be submitted in compliance with this section.

§ 190.222 *Pipe lines.* The plat and plans shall show pipe lines, if any, connecting the rectifying plant with a registered or fruit distillery, internal revenue bonded warehouse, industrial alcohol plant, industrial alcohol bonded warehouse, bonded winery, rectifying plant, and tax-paid bottling house for the transfer of tax-paid spirits. The plat will show the relative location of the rectifying plant and the premises connected by such pipe lines. The plat or plans will also show the storage, bottling, or processing tanks, to which such pipe lines are connected.

(53 Stat. 335, as amended; 26 U. S. C. 2883)

§ 190.223 *Pipe lines in colors.* The fixed pipe lines must be shown on the plat and plans in the colors in which

they are required to be painted, as follows:

Black.....	Spirits.
Blue.....	Vapor, high wines, low wines, and heads and tails.
Brown.....	Residue from stills.
White.....	Water.
Aluminum.....	Steam.
Orange.....	Air.
Purple.....	Refrigerants.

§ 190.224 *Location of Government locks.* The location of all Government locks required to secure the apparatus and equipment, and the doors of rooms, must be indicated on the elevational flow diagrams (plans) by the symbol "GL" at the points where the locks are to be attached.

§ 190.225 *Direction of flow.* The direction of the flow of spirits, vapor, etc., through pipe lines must be indicated on the plans by arrows.

§ 190.226 *Pipe lines exempted.* Approved public or private utility service lines, such as sewers, electric or gas conduits or pipes, and approved sprinkler, refrigeration, or heating systems which have no connection with the equipment used for spirits, need not be shown on the plans, provided that the point of entry to the premises shall be indicated on the plans.

§ 190.227 *Certificate of accuracy.* The plat and plans shall bear a certificate of accuracy in the lower right hand corner of each sheet, signed by the rectifier, the draftsman, and the district supervisor, substantially in the following form:

(Name of proprietor)

(Address)

Approved -----
(Date)

(District supervisor)
Accuracy certified by:

(Name and capacity—
for the proprietor)

(Draftsman)
Rectifying Plant No. -----
----- 19-----, Sheet No. -----
(Date)

§ 190.228 *Revised plats and plans.* The sheets of revised plats and plans shall bear the same number as the sheets superseded, but will be given a new date. Any additional plats and plans shall be given a new number in consecutive order, or will be otherwise numbered and lettered in such manner as will permit the filing of the plats and plans in proper sequence.

SUBPART M—REQUIREMENTS GOVERNING CHANGES IN NAME, PROPRIETORSHIP, CONTROL, LOCATION, PREMISES, AND EQUIPMENT

§ 190.240 *General requirement.* Under the law, notice in writing must be given, in the form prescribed by the Commissioner, to the district supervisor in case of any change in the location, form, capacity, ownership, agency, superintendency, or in the persons interested in the business of the rectifying plant, within 24 hours after such change.

(53 Stat. 309, 373, as amended; 26 U. S. C. 2812, 3170)

CHANGE IN INDIVIDUAL, FIRM, OR CORPORATE NAME

§ 190.241 *Amended notice, Form 27-B.* Where there is a change in the individual, firm, or corporate name of the rectifier, he must submit to the district supervisor an amended notice on Form 27-B, in triplicate, covering the new name.

(53 Stat. 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2812, 2831, 2857, 2861, 3170, 3270)

§ 190.242 *Amended permit.* Where there is a change in the individual, firm, or corporate name of the rectifier, he must procure from the district supervisor under the Federal Alcohol Administration Act an amended basic permit or permits authorizing the rectifier to engage in business under the new name.

(53 Stat. 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2812, 2831, 2857, 2861, 3170, 3270)

§ 190.243 *Amended articles of incorporation, etc.* Where there is a change in the corporate name of the rectifier, he must submit to the district supervisor certified copies, in triplicate, of the amended articles or incorporation, and the amended certificate of incorporation issued under the laws of the State in which incorporated, covering the change in the corporate name. If the operations are conducted in a State other than the State in which incorporated, there must also be submitted to the district supervisor certified copies, in triplicate, of the amended certificate issued under the laws of the State in which the operations are conducted authorizing the corporation to operate under its new name in such State. If other documents than those specified are required under the laws of the State to effect a change in the name of the corporation, certified copies, in triplicate, of such documents must be submitted with the notice, Form 27-B, in lieu of those specified.

(53 Stat. 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2812, 2831, 2857, 2861, 3170, 3270)

§ 190.244 *Amended articles of copartnership or association.* Where there is a change in the firm name of the rectifier, he must, if the rectifier is a copartnership or association, submit to the district supervisor certified copies, in triplicate, of the amended articles of copartnership or association, if any.

(53 Stat. 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2812, 2831, 2857, 2861, 3170, 3270)

§ 190.245 *Sign.* Where there is a change in the individual, firm, or corporate name of the rectifier, he must change the rectifying plant sign to conform to the provisions of § 190.110.

(53 Stat. 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2812, 2831, 2857, 2861, 3170, 3270)

§ 190.246 *Branding, labeling, etc.* Where there is a change in the individual, firm, or corporate name of the rectifier, he must, upon receipt of the district supervisor's authorization, as provided in

§ 190.316, mark, brand, and label, under such new name the spirits packaged or bottled thereunder, as provided in Subpart NN of this part, unless the spirits are rectified under a trade name or style as provided in the said subpart.

(53 Stat. 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2812, 2831, 2857, 2861, 3170, 3270)

§ 190.247 *Records.* Where there is a change in the individual, firm, or corporate name of the rectifier, he must keep records and submit reports covering operations under the new name as provided in Subpart NN of this part.

(53 Stat. 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2812, 2831, 2857, 2861, 3170, 3270)

§ 190.248 *Special tax stamps.* Where there is a change in the individual, firm, or corporate name of the rectifier, he must file within 30 days of such change an additional return on Form 11 with the collector of internal revenue covering the new individual, firm, or corporate name. The special tax stamp or stamps must be forwarded to the collector for appropriate notation with respect to such change in name.

(53 Stat. 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2812, 2831, 2857, 2861, 3170, 3270)

TRADE NAMES

§ 190.249 *Basic qualification required.* Where the rectifying plant is to be operated under a trade name or style, or under a number of trade names or styles, other than those previously approved, the rectifier must file with the district supervisor a letterhead application for approval of such name or names. The district supervisor will forward such application to the Bureau for action by the Commissioner. If the Commissioner finds that the name or names may be used he will advise the district supervisor. The rectifier will be advised accordingly. He may then file with the district supervisor Form 1643 for an amended basic permit and Form 27-B for permission to operate under the trade name (only one) specifying the date operations are to begin. The district supervisor's action will be in accordance with § 190.316.

(53 Stat. 309, 373, as amended; 26 U. S. C. 2812, 3170)

§ 190.250 *Trade names certificates, amended articles of incorporation, etc.* It will be the responsibility of the rectifier to comply with all State laws by filing certified copies of trade names and amended articles of incorporation where required. If no such certificate or amended articles of incorporation are required, the rectifier will furnish a statement to that effect.

(53 Stat. 373, as amended; 26 U. S. C. 3170)

§ 190.251 *Sign.* The rectifying plant sign must be changed to conform to the provisions of § 190.110, unless operation under the trade name is to be temporary, in which event it will not be necessary to change such sign.

(53 Stat. 318, 373, as amended; 26 U. S. C. 2831, 3170)

§ 190.252 *Branding, marking, and labeling.* The spirits must be branded, marked, and labeled under each trade name in which the spirits were packaged or bottled as provided in Subpart NN of this part.

(53 Stat. 329, 373, as amended; 26 U. S. C. 2861, 3170)

§ 190.253 *Records.* Appropriate entries must be made in the rectifying plant records covering operations under each trade name, as provided in Subpart NN of this part.

(53 Stat. 327, as amended, 373, as amended; 26 U. S. C. 2857, 3170)

§ 190.254 *Special tax stamps.* The rectifier must file within 30 days of such change an additional return on Form 11 with the collector showing the new trade name or style. Special tax stamp or stamps must be forwarded to the collector for appropriate notation with respect to such change in trade name or styles.

(53 Stat. 373, as amended, 394; 26 U. S. C. 3170, 3270)

§ 190.255 *Period of operations.* Where the rectifying plant is operated under more than one trade name or style, the operation under each must be in multiples of twenty-four hours.

(53 Stat. 373, as amended; 26 U. S. C. 3170)

§ 190.256 *Subsequent operations.* The basic qualifying documents having once been filed and approved, by the district supervisor, subsequent operations of the rectifying plant, i. e., changing from one trade name to another trade name, or from a trade name to the principal or vice versa, the procedure prescribed by §§ 190.291 to 190.293 will be followed.

(53 Stat. 373, as amended; 26 U. S. C. 3170)

CHANGE IN PROPRIETORSHIP, SUSPENSION

§ 190.257 *Notice, Form 27-B.* If the outgoing rectifier is to discontinue permanently the business of rectifying, he must file with the district supervisor Form 27-B, in triplicate, stating thereon the purpose to be "Permanent discontinuance of business," and giving the date of the discontinuance. If the outgoing rectifier is to temporarily discontinue the business of rectifying during operation of the rectifying plant by the successor, the statement of the purpose on the notice shall conform to the provisions of § 190.290.

(53 Stat. 308, as amended, 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2810, 2812, 2831, 2857, 2861, 3170, 3271)

§ 190.258 *Spirits.* Where there is to be a change in the proprietorship of the rectifying plant, the outgoing rectifier must, preparatory to transfer of the business to the successor, complete the rectification of spirits in process and taxpay the same, draw off, mark, brand, and stamp (where required) all rectified and unrectified spirits in the rectifying room, and remove all spirits from the rectifying plant and dispose of the same to a person authorized to receive them, unless they are transferred to the successor in accordance with Subpart OO of this part.

(53 Stat. 308, as amended, 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2810, 2812, 2831, 2857, 2861, 3170, 3271)

§ 190.259 *Records.* Where there is to be a change in the proprietorship of the rectifying plant, the outgoing rectifier must, preparatory to transfer of the business to the successor, make appropriate entries in the rectifying plant records and submit reports in accordance with the provisions of Subpart OO of this part.

(53 Stat. 308, as amended, 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2810, 2812, 2831, 2857, 2861, 3170, 3271)

CHANGE IN PROPRIETORSHIP, QUALIFICATION OF SUCCESSOR

§ 190.260 *Lessee.* If the successor is a lessee, he must qualify in the same manner as the proprietor of a new rectifying plant, regardless of the temporary nature of the tenancy, except that he may adopt the plat and plans of his predecessor as provided in § 190.264. The lessee must also file with the district supervisor certified copies, in triplicate, of the lease.

(53 Stat. 308, as amended, 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2810, 2812, 2831, 2857, 2861, 3170, 3271)

§ 190.261 *Other nonfiduciary successor.* If the change in proprietorship is brought about by any other means, except by the appointment of an administrator, executor, receiver, trustee, assignee, or other fiduciary, the successor must likewise qualify in the same manner as the proprietor of a new rectifying plant, except that he may adopt the plat and plans of his predecessor as provided in § 190.264.

(53 Stat. 308, as amended, 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2810, 2812, 2831, 2857, 2861, 3170, 3271)

§ 190.262 *Fiduciary.* If the successor is an administrator, executor, receiver, trustee, assignee, or other fiduciary, and intends to receive spirits, or to possess, rectify, or dispose of spirits on hand in the rectifying plant, he must comply with the provisions of Subparts F-J of this part, to the extent that such provisions are applicable, except that in lieu of filing a new bond and a new plat and plans, the fiduciary may furnish a consent of surety extending the terms of his predecessor's bond and adopt the plat and plans of such predecessor in accordance with §§ 190.263-190.264. The fiduciary must also furnish certified copies, in triplicate, of the order of the court or other pertinent documents showing his qualification as such fiduciary. The effective date of the qualifying documents filed by a fiduciary must be the same as the date of the court order or the date specified therein for him to assume control.

(53 Stat. 308, as amended, 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2810, 2812, 2831, 2857, 2861, 3170, 3271)

§ 190.263 *Consent of surety.* The consent of surety extending the terms of the predecessor's bond to cover operation of the rectifying plant by a fiduciary

must conform to the requirements of § 190.200 and be executed by both the fiduciary and the surety.

(53 Stat. 308, as amended, 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2810, 2812, 2831, 2857, 2861, 3170, 3271)

§ 190.264 *Adoption of plat and plans.* The plat and plans of the rectifying plant may be adopted by a successor where they correctly describe and depict the rectifying plant premises and the buildings, apparatus, and equipment thereon, to be taken over by the successor. The adoption by a successor of the plat and plans of his predecessor shall be in the form of a certificate, in triplicate, in which shall be set forth the name of the predecessor, the address and number of the rectifying plant, a description of the rectifying plant premises, the number of each sheet comprising each plat and plan covered by such certificate, and a statement that the rectifying plant premises, and the buildings, apparatus, and equipment thereon, are correctly described and depicted on such plat and plans.

(53 Stat. 308, as amended, 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2810, 2812, 2831, 2857, 2861, 3170, 3271)

§ 190.265 *Sign.* The successor, if other than a fiduciary temporarily operating the rectifying plant, must change the rectifying plant sign to conform to the requirements of § 190.110.

(53 Stat. 308, as amended, 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2810, 2812, 2831, 2857, 2861, 3170, 3271)

§ 190.266 *Special tax stamps.* The successor, if other than a fiduciary, must procure the required special tax stamps in accordance with Subpart T of this part. A fiduciary successor must submit Form 11 to the collector within 30 days from the date when operations are commenced by him. The special tax stamp or stamps should be submitted by the fiduciary to the collector for appropriate notation as to their transfer. Failure to file Form 11 will result in the rectifier incurring an additional special tax liability, computed from the first day of the calendar month in which operations were commenced.

(53 Stat. 308, as amended, 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2810, 2812, 2831, 2857, 2861, 3170, 3271)

§ 190.267 *Spirits and wines.* If spirits and wines are received by transfer from the predecessor, the successor must comply with the requirements of Subpart OO of this part.

(53 Stat. 308, as amended, 309, 318, 327, as amended, 329, 373, as amended, 394; 26 U. S. C. 2810, 2812, 2831, 2857, 2861, 3170, 3271)

OTHER CHANGES

§ 190.268 *Changes in partnership.* The withdrawal of one or more members of a partnership or the taking in of a new partner, whether active or silent, shall constitute a change in proprietorship. Likewise, the bankruptcy or adjudicated insolvency of one or more of the partners results in a dissolution of

the partnership and, consequently, a change in proprietorship. Where such a change in proprietorship of the rectifying plant occurs, the successor must qualify in the same manner as a new proprietor of the rectifying plant, except that the successor may adopt the plat and plans of the predecessor, in the manner prescribed by § 190.264.

§ 190.269 *Changes in stockholders, officers, and directors of corporation.* The sale or transfer of the capital stock of a corporation operating a rectifying plant does not constitute a change in the proprietorship of the rectifying plant. However, where the sale or transfer of capital stock results in a change in the control or management of the business, or where there is a change in the officers or directors, the rectifier must give notice thereof, in triplicate, to the district supervisor within 24 hours after such change. Mere changes in stockholders of corporations not constituting a change in control need not be so reported. The district supervisor must, in the case of changes in officers or directors, be furnished extracts, in triplicate, of the minutes of the meetings showing such changes.

(53 Stat. 309; 26 U. S. C. 2812)

§ 190.270 *Reincorporation.* Where a corporation operating a rectifying plant is reorganized and a new charter or certificate of incorporation is secured, the new corporation must qualify in the same manner as a new proprietor of the rectifying plant, except that the new corporation may adopt the plat and plans of the predecessor, in the manner prescribed by § 190.264.

§ 190.271 *Change in location.* Where there is a change in the location of the rectifying plant, the rectifier must comply with all applicable provisions of Subparts F-J of this part, except that in lieu of the filing of a new rectifier's bond, Form 34, the rectifier may furnish a consent of surety, Form 1533, in accordance with § 190.200, extending the terms of the rectifier's bond given for the former location to cover operation of the rectifying plant at the new location. The rectifier must submit, within 30 days from the date of commencing business at the new location, Form 11 to the collector for the district, and the special tax stamp or stamps must be forwarded to such collector for appropriate notation of the change of location. Failure to so file Form 11 will result in the rectifier incurring additional special tax liability, computed from the first day of the calendar month in which operations were commenced at the new location.

(53 Stat. 309, 396; 26 U. S. C. 2812, 3280)

§ 190.272 *Changes in premises.* Where the rectifying plant premises are to be extended or curtailed, the rectifier must file with the district supervisor an amended notice, Form 27-B, and an amended plat of the premises as extended or curtailed. If the plans are affected by the extension or curtailment, they must also be amended. If the rectifying plant is within 600 feet of a distillery, the rectifier must also file a special application in accordance with

§ 190.82 or § 190.83, if the changes are of such nature or extent as to require a special application. The additional premises covered by an extension may not be used for rectifying purposes, and the portion of the premises to be excluded by a curtailment may not be used for other than rectifying purposes, prior to approval of the notice, Form 27-B.

(53 Stat. 373, as amended; 26 U. S. C. 3170)

§ 190.273 *Changes in construction and use.* Where a change is to be made in the construction of a room or building not involving an extension or curtailment of the rectifying plant premises, or where a change is to be made in the use of any portion of such premises, the rectifier shall first secure approval thereof by the district supervisor pursuant to application, in triplicate, setting forth specifically the proposed changes. Upon approval of the application, the changes will be made under the supervision of a Government officer, unless, in the opinion of the district supervisor, they do not require such supervision. The completed changes will be reflected in the next amended notice, Form 27-B, and amended plans filed by the rectifier, unless the district supervisor requires the immediate filing of an amended notice and amended plans.

(53 Stat. 309, 318; 26 U. S. C. 2812, 2829)

§ 190.274 *Changes in equipment.* Where changes are to be made in the apparatus and equipment, the rectifier must file an amended notice and amended plans, except that in the case of minor changes, such as general repairs, changes in pipe lines, or the addition or removal of a tank, an amended notice and amended plans need not be filed immediately: *Provided*, That the proprietor shall first secure approval thereof by the district supervisor pursuant to application, in triplicate, setting forth specifically the proposed changes. Emergency repairs may be made under the supervision of the Government officer without prior approval of the district supervisor. However, where such emergency repairs are made the proprietor shall file immediately a report thereof, in triplicate, with the district supervisor. Changes covered by an approved application will also be made under the supervision of a Government officer. Upon completion of any changes made under his supervision, the Government officer will submit a report, in triplicate, of the changes to the district supervisor.

(53 Stat. 309, 318; 26 U. S. C. 2812, 2829)

SUBPART N—REQUIREMENTS GOVERNING OPERATION OF RECTIFYING PLANT UNDER ALTERNATING PROPRIETORSHIPS

§ 190.290 *Qualifications.* Where it is desired to operate a rectifying plant under alternating proprietorships, the successor (lessee) rectifier must qualify as proprietor of the rectifying plant in accordance with the provisions of §§ 190.260-190.267. At the time of the first suspension of the rectifying plant for operation under an alternating proprietorship, the outgoing (lessor) rectifier must discontinue operations and file with the district supervisor an amended

notice on Form 27-B, in triplicate, stating thereon the purpose of the notice to be "Temporary discontinuance in order that the rectifying plant may be operated by an alternate rectifier" and give the date of discontinuance. The outgoing (lessor) rectifier shall also file a blanket consent of surety, Form 1533, in triplicate, to continue in effect bond, Form 34. Such blanket consent of surety may be filed to cover all such alternate operations and may be executed in the following form:

To continue in effect the said bond, whenever operation of the rectifying plant is resumed from time to time, pursuant to application on Form 1696, filed by the principal following suspension of operations by an alternate proprietor.

The outgoing (lessor) rectifier shall also comply with the requirements of Subpart OO of this part.

§ 190.291 *Suspension and subsequent alternate proprietorships.* Where an alternate proprietor desires to suspend operations of the rectifying plant preparatory to resumption by another alternate proprietor, he must file Form 1696, after proper execution of Parts 1 and 2, through the storekeeper-gauger in charge, with the district supervisor, giving notice of intention to suspend operations. The form shall be executed and filed in accordance with the various lines on the form and the instructions printed thereon or issued in respect thereto, and as required by this part. Form 1696 shall contain or be verified by a written declaration that it is executed under the penalties of perjury. Operations will be suspended at the time specified in the notice upon approval thereof by the district supervisor. The outgoing (lessor) rectifier shall also comply with the requirements of Subpart OO of this part.

(53 Stat. 667; 26 U. S. C. 3809)

§ 190.292 *Resumption for subsequent alternate proprietorships.* Where an alternate proprietor desires to resume operation of the rectifying plant following suspension by another alternate proprietor, he must file Form 1696, after proper execution of Parts 1 and 2, through the storekeeper-gauger in charge, with the district supervisor for authority to resume operations. The notice shall be executed and otherwise completed as provided in § 190.291. The outgoing (lessor) rectifier shall also comply with the requirements of Subpart OO of this part.

§ 190.293 *Approval and disposition of Form 1696.* Upon receipt of Form 1696, the district supervisor will, if he finds that the notice may be properly approved, execute the certificate of approval on all copies and dispose of the copies in accordance with the instructions printed thereon or issued in respect thereto.

SUBPART O—ACTION BY DISTRICT SUPERVISOR

ORIGINAL ESTABLISHMENT

§ 190.300 *Special application.* Where a special application for permission to operate a rectifying plant within 600 feet of a distillery is submitted by the rectifier and such special application

conforms to the requirements of this part, the district supervisor will cause an inspection to be made to determine whether the proposed operation of the rectifying plant within 600 feet of the distillery may be permitted without jeopardy to the revenue. The inspector will ascertain whether the application accurately describes the relative location of the two premises and all pipe lines and other connections, if any, between such premises. The inspector will also observe the surroundings, including all streets, roads, and driveways connecting the two premises, and any condition which might endanger the revenue, and will describe the same in his report. If the district supervisor finds, upon consideration of the inspection report, that the rectifying plant may be operated at the designated location without danger to the revenue, he will note his approval on all copies of the special application. He will then return one copy of the approved application to the applicant, retain the original for his files, and forward the remaining copy, together with a copy of the inspection report, to the Commissioner. Approval of the special application pertains to the location of the rectifying plant only, and does not authorize the operation thereof. The rectifying plant may not be operated until the rectifier's bond and other qualifying documents required by law and this part have been filed and approved. If the special application is disapproved, the district supervisor will note his disapproval thereon and will return all copies of such application to the applicant, with advice as to the reasons for disapproval.

(53 Stat. 314, 319, 373, as amended; 26 U. S. C. 2819, 2832, 3170)

§ 190.301 Examination of other qualifying documents. Upon receipt of the notice, plat, plans, bond, and other documents required by this part of persons intending to qualify as rectifiers, the district supervisor will examine the same to determine whether they have been properly executed, and whether they reflect compliance with the requirements of the law and this part. Where any required document has not been filed, or where errors or discrepancies are found in those filed, or where the documents filed do not reflect compliance with this part, action thereon will be held in abeyance until the omission, error or discrepancy, has been rectified, and there has been full compliance with all requirements.

§ 190.302 Inspection of premises and equipment. When the required documents have been filed in proper form, the district supervisor will assign an inspector to examine the premises, buildings, apparatus and equipment, and determine whether they conform with the description thereof in the notice, plat and plans, and whether the construction and measures of protection afforded meet the requirements of law and this part. Where the inspection discloses minor irregularities in the qualifying documents or in the construction, the inspector will, at the time of their discovery, direct the attention of the rectifier to the same in order that the rectifier

may correct the defects before completion of the inspection.

§ 190.303 Examination of bottling tank. The district supervisor will cause a careful examination to be made of each bottling tank to see that it is constructed in strict compliance with this part before it is used by the rectifier. The officer charged with the duty of examining the bottling tank will also test the accuracy of the scale or measuring device provided for determining the contents of the tank, and if it is found that the same is not strictly accurate, or if any portion of the equipment does not conform to the requirements of this part, he will not recommend approval of the tank until the proper changes are made.

§ 190.304 Test of measuring devices. The test of the accuracy of the scale or measuring device must be an actual one. It may be made by filling the tank with water and drawing off several precise quantities, observing after each withdrawal that the quantity remaining is correctly indicated by the scale or measuring device and that the quantity withdrawn agrees with that indicated by the scale or measuring device. An accurate water meter, where available, may likewise be used to check the calibration of the tank. Where bottling tanks are mounted on scales, the accuracy of the scales used for weighing spirits in lots of not over 500 gallons will be tested from time to time, under the supervision of the Government officer, by means of the test weights provided in accordance with § 190.117. The scales will be tested by placing the test weights on the scales and checking the weight registered on the beam of the scales. The test weights will then be removed without disturbing the beam and the bottling tank filled with spirits or water to the same weight, whereupon the test weights will again be placed upon the scales, the spirits or water being retained in the tank and the weight registered on the beam checked. This operation will be continued until the scales have been checked in 500-pound notches at all weights at which the scales are used. The proprietor will have scales used for weighing spirits in lots of 500 gallons or more tested and their accuracy certified by State, county, or city departments of weights and measures at intervals of not more than six months. The storekeeper-gauger will not permit the use of any scales not so tested or which upon testing are found to be inaccurate.

§ 190.305 Necessity for accuracy. It is absolutely necessary that the scale or measuring device used for determining the contents of a bottling tank be accurate and precise, for ascertainment of the correct amount of tax due on taxable products to be bottled therefrom is dependent thereon. The district supervisor should, after the initial test is made, require further tests from time to time to determine whether the scale or measuring device is still accurate.

§ 190.306 Approval of bottling tank. When the officer examining the bottling tank or tanks is satisfied that the same and the attachments thereto are properly constructed and the scales or measuring devices are accurate, he will so

report to the district supervisor in writing and will securely attach to each such tank a certificate on Form 244. No tank or attachment thereto shall be used until such certificate has been attached and the tank and attachment thereto have been approved.

§ 190.307 Report of inspection. Upon completion of the inspection, a report thereof will be submitted to the district supervisor. The report shall describe separately all irregularities and discrepancies found during the course of the inspection, and shall include a complete statement describing all unusual or special conditions. Where irregularities were corrected during the inspection, the report will indicate the corrections so made. The report need not set out in detail each description as set forth in the notice, plat and plans. The description of buildings, rooms, and equipment in the report should be general and brief. However, construction, equipment, signs, etc., which are not in conformity with law and this part, will be completely described. If there are any pipe lines or other connections or openings between the rectifying plant premises and other premises, the same shall be described in detail. The report will also show whether the bottling tanks are constructed in accordance with this part and whether the measuring devices provided for determining the contents of such tanks have been tested and found to be accurate and certificate on Form 244 is attached to each such tank. There shall be further embodied in the report a statement as to whether or not another business is being conducted, or is intended to be conducted, on the rectifying plant premises or in the buildings or rooms thereon.

§ 190.308 Inaccurate documents. Where the district supervisor's examination, or the inspector's report, discloses discrepancies in the qualifying documents, the inaccurate or incomplete documents will be returned to the proprietor for correction. A record will be kept of all bonds so returned.

§ 190.309 Defective construction. Where it is found that the construction of the rectifying plant or its equipment does not conform to the requirements of the law and this part, the district supervisor will inform the proprietor concerning the defects, and further action will be held in abeyance pending correction thereof.

§ 190.310 Law violation record. Before approving any bond or consent of surety given by any individual, firm, partnership, corporation, or association, in respect to the business of rectifiers, the district supervisor will cause such inquiry or investigation as may be deemed necessary to ascertain whether any individual, firm, partnership, corporation, or association, or any person owning, controlling, or actively participating in the management of the business has been convicted of, or has compromised, an offense of the nature specified in § 190.203. Where record is found of the conviction or compromise of such an offense, the district supervisor will approve or disapprove the bond or consent upon the

basis of his findings: *Provided*, That if the bond or consent is disapproved, the principal may appeal the district supervisor's action to the Commissioner. Where an appeal is taken to the Commissioner, the district supervisor will furnish the Commissioner with full information respecting the reasons for disapproval, including the nature and place of the offense, the names of the offenders and the date of conviction or acceptance of an offer in compromise.

(53 Stat. 311; 26 U. S. C. 2815)

§ 190.311 Approval of qualifying documents. If the district supervisor finds, upon examination of the inspection report, that the person seeking to qualify as a rectifier has complied in all respects with the requirements of the law and this part, and if the rectifier's bond (Form 34) may be properly approved under § 190.310, and if the applicant is entitled to a permit, he will assign a registry number to the rectifying plant in accordance with § 190.312, note his approval on all copies of the rectifier's bond, consent, notice and plat and plans, and dispose of the qualifying documents and inspectors' reports in accordance with § 190.314. The issuance of a permit should be withheld pending approval of the notice, bond, and other qualifying documents required under the internal revenue laws.

(53 Stat. 311; 26 U. S. C. 2815)

§ 190.312 Registry numbers. Rectifying plants will be numbered serially in the order of their establishment. A separate series will be used for each State. Registry numbers heretofore assigned will be retained, and new rectifying plants will be assigned numbers in sequence thereto. Registry numbers previously assigned to discontinued rectifying plants will not be reassigned to other rectifying plants. The same registry number will be continued whenever there is a change in proprietorship.

§ 190.313 Disapproval of qualifying documents. If the district supervisor finds that the applicant has not complied in all respects with the requirements of the law and this part, or that the situation of the rectifying plant is such as would enable the rectifier to defraud the United States, or that the bond should be disapproved under § 190.310, he will note his disapproval on the notice, and will dispose of all qualifying documents in accordance with § 190.314.

(53 Stat. 311; 26 U. S. C. 2815)

§ 190.314 Disposition of qualifying documents. Where the district supervisor approves the qualifying documents, he will forward to the applicant one copy of the documents with the original of the basic permits (Forms 1638, and 1642, if any) issued pursuant to Regulations 1 (27 CFR Part 1) issued under the Federal Alcohol Administration Act, forward to the Commissioner the originals of the documents and a copy of the basic permit issued under the Federal Alcohol Administration Act, together with copies of inspection reports, and retain one copy of the qualifying documents for the file of the applicant. If the qualifying documents

are disapproved, the district supervisor shall note his disapproval on all copies of the notice with brief statements of his reasons therefor, and return to the applicant by registered mail, one copy of the disapproved notice, together with all copies of the qualifying documents and all copies of the bond without action thereon. The district supervisor shall forward one copy of the disapproved notice to the Commissioner and will advise him fully respecting the disapproval thereof. He shall retain the remaining papers in his files. If the applicant is not entitled to a basic permit, the district supervisor will, upon disapproval of the application therefor, return all copies of the qualifying documents to the applicant without action thereon.

§ 190.315 Notification of collector. Upon approval of the notice, plat and plans, bond and other qualifying documents, the district supervisor will notify the collector of the district in which the premises are located, on Form 1411 or otherwise, to insure the payment of special taxes as required by this part. Collectors will not issue special tax stamps to rectifiers until such notice has been received from the district supervisor.

CHANGES SUBSEQUENT TO ORIGINAL ESTABLISHMENT

§ 190.316 Procedure applicable. The provisions of §§ 190.311-190.315 respecting the action required of district supervisors in connection with the original establishment of rectifying plants will be followed, to the extent applicable, where there is a change in the individual, firm or corporate name of the rectifier, or the trade name or style, proprietorship, location, premises, construction, apparatus and equipment of the rectifying plant, or where operations are permanently discontinued.

§ 190.317 Applications and reports covering changes. Where an application covering changes in rectifying plant buildings or rooms, or in the apparatus or equipment, is approved by the district supervisor, he will retain one copy of the application, forward one copy to the rectifier and one copy to the Commissioner, and, when reports covering minor changes in rectifying apparatus and equipment are received from the rectifier in accordance with § 190.274, he will retain one copy and promptly forward one copy to the Commissioner.

ADDITIONAL AND SUPERSEDING BONDS, AND CONSENTS OF SURETY

§ 190.318 Procedure applicable. The procedure prescribed in this subpart for the approval of bonds and consents of surety submitted in connection with the establishment of rectifying plants will, to the extent applicable, govern the approval and disapproval of additional and superseding bonds, and consents of surety.

SUBPART P—ACTION BY COMMISSIONER

ORIGINAL ESTABLISHMENT

§ 190.325 Review of documents. The Commissioner will review the action of the district supervisor relating to the establishment of rectifying plants and

determine whether it is in conformity with the requirements of the law and this part. If not, the Commissioner will advise the district supervisor as to the necessary action to be taken.

(53 Stat. 311; 26 U. S. C. 2815)

CHANGES SUBSEQUENT TO ORIGINAL ESTABLISHMENT

§ 190.326 Procedure applicable. The foregoing provisions of this subpart respecting the action of the Commissioner in connection with the establishment of rectifying plants will be followed, to the extent applicable, where there is a change in the name, or in the firm name, trade name or style, or in the proprietorship, location, premises, construction, apparatus and equipment.

SUBPART Q—TERMINATION OF BONDS

§ 190.330 Termination of rectifier's bond. The rectifier's bond, Form 34, is a continuing bond and, therefore, continues in effect for an indefinite period, unless terminated. Such bonds may be terminated as to future rectification pursuant to application by the surety as provided in § 190.332 or upon approval of a superseding bond or discontinuance of the business by the principal. Application for notice of termination of the rectifier's bond upon approval of a superseding bond or discontinuance of the business must be filed in duplicate with the district supervisor.

§ 190.331 Termination of drawback bonds. Bonds given on Form 1581 to cover drawback of internal revenue taxes paid on distilled spirits bottled especially for export, and exported, will be terminated by the district supervisor when no further withdrawals are to be made thereunder: *Provided*, That the account kept with the bond in accordance with Regulations 28 (26 CFR, Part 176), shows there are no outstanding charges.

(53 Stat. 377, as amended; 26 U. S. C. 3179)

§ 190.332 Application of surety for relief from bond. A surety on any bond may at any time in writing notify the principal and district supervisor, in whose office the bond is on file, that he desires after a date named, which shall be at least sixty days after date of notification, to be relieved of liability under said bond. The notice shall be executed in triplicate by the surety, who shall deliver one copy to the principal and the other two to the district supervisor, who will retain one copy and transmit the remaining copy to the Commissioner. If such notice is not thereafter in writing withdrawn, the rights of the principal as supported by said bond shall be terminated on the date named in the notice, and the surety shall be relieved in the case of a rectifier's bond, Form 34, from liability for products rectified wholly subsequent to the date named in the notice, and in the case of drawback bonds, Form 1581, from liability for distilled spirits withdrawn for export wholly subsequent to such date. This notice may not be given by an agent of the surety unless it is accompanied by a power of attorney duly executed by the surety authorizing him to give such notice or by a verified statement that such

power of attorney is on file with the Treasury Department. The surety must also file with the district supervisor an acknowledgement or other proof of service of such notice on the principal.

§ 190.333 *Action on application for notice of termination of rectifier's bond.* When an application for notice of termination of a rectifier's bond as to future rectification is filed with the district supervisor in a case where a superseding bond has been approved, or the principal has discontinued business, as provided in § 190.330, the district supervisor will make a complete examination of records to determine whether there is any liability outstanding against the bond. He will also ascertain from the collector of internal revenue whether there are any outstanding, unpaid assessments or demands for taxes on products rectified under the bond. If it is found that outstanding assessments, or demands for payment, of taxes chargeable against the bond have not been paid or otherwise settled, or that all taxes have not been paid on all spirits and wines subjected to any act of rectification during the period covered by the bond, the district supervisor will disapprove the application, unless the liability is settled. If the district supervisor finds that the rectifier's bond may properly be terminated, he will issue notice of termination thereof in accordance with § 190.334.

§ 190.334 *Notices, Forms 1490 and 1491.* When the district supervisor has determined that an application for termination of a rectifier's bond (Form 34) as to liability for future rectification, may properly be approved, he will execute Form 1490, where a superseding bond has been approved, or Form 1491, where the principal has discontinued business, in quadruplicate (quintuplicate if there are two sureties) and will forward the original to the Commissioner, one copy to each obligor on the bond, and retain one copy on file with the bond to which it relates.

§ 190.335 *Release of collateral.* The release of collateral pledged and deposited with the United States to support bonds required by this part will be in accordance with the provisions of Department Circular No. 154, revised (31 CFR, Part 225), subject to the conditions governing the issuance of notices on Forms 1490 and 1491 of the termination of such bonds. On approval of an application for the issuance of notice of termination of a rectifier's bond supported by collateral security, the district supervisor will fix the date or dates on which a part or all of the security may be released. In fixing such date, which ordinarily will be not less than six months from the date of determining that there is no outstanding liability against the bond, the district supervisor will satisfy himself that the interest of the Government will not be jeopardized. Collateral pledged and deposited to support a rectifier's bond, Form 34, will not be released by the district supervisor until all spirits which have been subjected to any act of taxable rectification while the bond was in force and effect have been tax-paid. At any time prior to the release of such

collateral security the district supervisor may, in his discretion, and for proper cause, further extend the date of release of the security for such additional length of time as in his judgment may be appropriate. Collateral pledged and deposited to support a drawback bond, will ordinarily be released by the district supervisor upon issuance of notice of release of the bond, Form 1491. (Sec. 1126, 44 Stat. 122; 6 U. S. C. 15)

SUBPART R—INSTRUMENTS

§ 190.345 *General requirements.* Rectifiers must provide themselves with proper instruments for gauging or determining the alcoholic content of spirits and wines.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.346 *Hydrometer set.* For use in determining the proof of distilled spirits and rectified spirits to which saccharine or other solid matter has not been added, rectifiers will provide themselves with an accurate hydrometer set, consisting of cup with thermometer and the necessary stems.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.347 *Ebulliometer.* Except as provided in § 190.570, rectifiers will provide themselves with an approved ebulliometer or a small still for use in determining the alcoholic content of blended whiskies containing sherry wine, prune juice, caramel, glycerine, etc., and of wines, cordials, liqueurs, and other rectified products containing saccharine or other solid matter. The following ebulliometers have been approved by the Commissioner for use in determining the alcoholic content of such products: Salleron-Dujardin, Juerst, Lefco, Braun, E. B. Torino (with shield), "TAG" (with shield), Malligand Type (with shield), L'Ebulliometer Levesque (with shield), and Arnaldo-Sala (with shield). The E. B. Torino, "TAG," Malligand Type, L'Ebulliometer Levesque, and Arnaldo-Sala have been approved subject to the condition that they will be used in connection with a shield to protect them from drafts or air currents.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.348 *Other instruments.* The Commissioner may authorize the use of other instruments or methods for determining the alcoholic content by volume of such blended whiskies, and of wines, cordials, liqueurs, and similar products.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.349 *Accuracy of instruments to be checked.* Government officers will from time to time check the accuracy of instruments used at rectifying plants. Instructions for use of hydrometer sets and of small stills (or wine sets) will be found in the Gauging Manual (26 CFR, Part 186) and in Regulations 7 (26 CFR, Part 178), respectively. Ebulliometers will be tested in accordance with the instructions furnished with the instruments. Instructions for the use of approved ebulliometers will be found in Regulations 7.

SUBPART S—FORMULAS AND PROCESSES

§ 190.360 *Form 27-B Supplemental.* Every rectifier must file with the dis-

trict supervisor a statement in detail of each formula and process by which he intends to rectify spirits. A separate Form 27-B Supplemental, in quadruplicate, must be filed for each formula and process, and each formula will be serially numbered beginning with number 1. The form will be prepared in accordance with the instructions printed thereon or issued in respect thereto and as required by this part.

§ 190.361 *Description of formula.* Each formula must show the name of the product, the proof thereof, and all the ingredients composing the formula, but the quantity or percentage of each ingredient need not be given, except as provided in this section. Where the taxability or labeling of the product is affected by the quantities or percentages of the ingredients used, the quantities or percentages of such ingredients shall be specified in the formula. Where grape wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, prune wine, plum wine, pear wine, paw-paw wine, papaya wine, pineapple wine, cantaloup wine, or apple wine, which has been fortified with brandy is used, the percentage thereof by volume of the finished product shall be shown. Where sweetening materials are used in compounding products with such wine, the kind and quantity of the sweetening material shall be shown. Where coloring, flavoring, or blending materials are used, the kind and percentage thereof by volume shall be shown. If intermediate products are made for use in manufacturing finished products for sale, as provided in § 190.504, the formula and process by which both the intermediate products and the finished products are made shall be filed. The Commissioner or district supervisor may require the quantity or percentage of each ingredient to be specified in any formula when such is deemed necessary to determine the proper taxability or labeling of the product. Formulas specifying various proofs may be accepted, provided each lot of spirits transferred to a bottling tank is bottled at the same proof. Where the rectifying process will not be completed within ten days, the time required for completion thereof must be shown on Form 27-B Supplemental, and application for approval of such extended process submitted therewith in accordance with Subpart Z of this part.

§ 190.362 *Use of alcoholic flavoring material.* Formulas providing for the use of alcoholic flavors or flavoring extracts under the provisions of §§ 190.59-190.61, in addition to showing the kind of and percentage (by volume) of such material used, must specify the percentage of alcohol (by volume) contained therein. Any formula requiring the use of flavoring materials in excess of the 2½ percent limitation provided in § 190.59 shall show the quantity of alcohol in the finished product derived from flavors or flavoring extracts subject to drawback under section 3250 (1), I. R. C., and flavors or flavoring extracts on which drawback has not been nor will be claimed, and, as to the latter, shall show whether such material is manu-

factured on rectifying plant premises or obtained from a manufacturer, and if obtained from a manufacturer, whether there will be on file at the rectifying plant a sworn statement by the manufacturer that drawback under section 3250 (1), I. R. C., has not been nor will be claimed on such material. When rectified spirits are bottled or packaged especially for export with benefit of drawback, the rectifier will enter on Form 237 the quantities of each flavoring and blending material used in the product of a particular lot as required by Regulations 28 (26 CFR Part 176).

§ 190.363 Description of process. The statement of process must set out in sequence each step therein from the dumping of the spirits for rectification to the completion of the finished product. If the process employed is a continuous one, the statement should clearly show the continuity of the steps thereof. Rectifying processes are deemed to be continuous or unbroken where the spirits are carried through the various steps of rectification specified in the approved formula and statement of process as expeditiously as normal, efficient plant operation will permit in the manufacture of a finished product of standard quality. Reasonable intervals of time occurring between the completion of one step and the commencement of another step occasioned by normal plant operation are not deemed to be a break in the continuity of the rectifying process, where such steps are specified in the approved formula and statement of process and the rectifying process is completed within the specified 10-day limit or such further period of time as may be authorized by the Commissioner.

§ 190.364 Changes of formulas and processes. Where a formula conforming to the requirements of this subpart has been submitted it will not be necessary to submit a new formula if the product is to be put up under another brand name (but not as another class or type), or if the quantity of any ingredient used, other than those the percentage of which is required to be disclosed, is varied from time to time. Where the ingredients composing the formula are changed, however, a new formula must be submitted. Any change in the process of rectification will necessitate the submission of a new Form 27-B Supplemental showing the formula and the changed process. Once an approved formula is superseded by a new formula, the original formula will no longer be used and will be surrendered to the district supervisor.

§ 190.365 Disposition of Form 27-B Supplemental. The district supervisor will forward all copies of Form 27-B Supplemental to the Commissioner. If the form is properly prepared and the process is approved, the Commissioner will indicate the tax or taxes due on the finished product, note his approval on the form, retain one copy thereof and return three copies to the district supervisor, who will retain one copy and forward one copy to the rectifier and one copy to the storekeeper-gauger assigned to the plant. The approved Forms 27-B

Supplemental will be filed in serial order, available for ready reference, by the storekeeper-gauger at the rectifying plant and by the rectifier and the district supervisor.

SUBPART T—SPECIAL (OCCUPATIONAL) TAXES

§ 190.375 Rectifier's special tax. Every person engaged in business as a rectifier, within the meaning of the term as defined in Subpart C, must file Form 11 with the collector and pay special tax as such. Persons rectifying less than 500 barrels a year, counting 40 proof gallons to the barrel (i. e., less than 20,000 proof gallons), must pay special tax at the rate of \$110 per year, and persons rectifying 500 barrels or more a year (i. e., 20,000 proof gallons or more) must pay special tax at the rate of \$220 per year.

(53 Stat. 388, as amended; 26 U. S. C. 3250)

§ 190.376 Change to higher or lower rate. A rectifier who has paid the special tax as a rectifier of less than 500 barrels and who exceeds that quantity must immediately pay the special tax due at the higher rate (\$220 per year) to the collector for the full period, and obtain a new special tax stamp. The rectifier may submit the stamp representing the special tax paid at the lower rate to the collector with a claim on Form 843 for redemption thereof. A rectifier who has paid special tax at the higher rate, but actually rectifies less than 500 barrels of spirits during the year, may likewise procure a new special tax stamp at the lower rate (\$110) and submit the stamp representing the tax paid at the higher rate to the collector with a claim on Form 843 for redemption thereof.

(53 Stat. 388, as amended; 26 U. S. C. 3250)

§ 190.377 Liquor dealers' special taxes. Rectifiers who sell distilled spirits or wines must file separate return on Form 11 and pay special (occupational) taxes as wholesale liquor dealer or retail liquor dealer, or both, in accordance with the law and Regulations 20 (26 CFR, Part 194).

(53 Stat. 388, as amended, 391; 26 U. S. C. 3250, 3254)

§ 190.378 Warehouse receipts covering distilled spirits. Since the sale of warehouse receipts for distilled spirits is equivalent to the sale of distilled spirits, every proprietor of a rectifying plant who sells, or offers for sale, warehouse receipts for distilled spirits stored in internal revenue bonded warehouses, or elsewhere, incurs liability to special tax as a dealer in liquors at the place where warehouse receipts are sold or offered for sale and must file return on Form 11, pay occupational tax as provided in § 190.377, and procure a wholesaler's basic permit issued under Regulations 1 (27 CFR Part 1) issued pursuant to the Federal Alcohol Administration Act.

(53 Stat. 388, as amended, 391, 394; 26 U. S. C. 3250, 3254, 3270, 3271, 3272)

§ 190.379 Liability not affected by commodity tax exemption. Exemption from the commodity tax on products of rectification does not provide exemption from the special tax as a rectifier, nor

from the dealers' special taxes for the sale of rectified spirits.

SUBPART U—PLANT OPERATION

§ 190.385 Restrictions. No operations pertaining to transferring spirits from tanks or tank cars to storage tanks, gauging and dumping spirits or wines for rectification, rectifying, bottling, or shipping, shall be carried on at a rectifying plant during other than regular business hours, unless special permission is first obtained therefor from the district supervisor, which permission, by reason of section 2870, I. R. C., shall not extend to the removal of any package of spirits containing more than 10 gallons between sundown and sunrise: *Provided, however,* That these restrictions shall not apply to rectifying processes that are automatic and continuous, and do not require any personal handling or other manipulation during such restricted hours.

(53 Stat. 331; 26 U. S. C. 2870)

§ 190.386 Operations after regular hours. The district supervisor will exercise sound discretion and may allow such rectifying processes, bottling, and other things to be done after regular hours, as in his judgment may safely be permitted without jeopardy to the revenue, where the proprietor establishes legitimate necessity therefor. The rectifier may, in the discretion of the district supervisor, be authorized to complete the distillation of tax-exempt gin or the bottling of spirits after regular business hours: *Provided,* That such distillation is limited to the quantity of spirits involved in the distilling operation in progress at the close of regular business hours and such bottling operations are confined to spirits which have been released for bottling by the Government officer after all taxes due, if any, have been paid, and that the gin produced is run into closed, locked receiving tanks and the spirits bottled are kept on the premises until the following business day. Such other operations as the filtering of spirits, the filling of bottling tanks where the outlets thereof are locked, and the conducting of taxable rectifying processes where the spirits are retained for inspection and tax-payment, may be authorized in the discretion of the district supervisor.

§ 190.387 Emergency operations under supervision. Except as provided in § 190.386, the operations at rectifying plants will be restricted to regular business hours, unless it should be found necessary to permit operations after such hours to meet seasonable demands or temporary emergency conditions. An emergency will be understood to mean a condition which could not reasonably be obviated. Where bona fide emergencies exist, district supervisors will assign officers to duty outside of regular hours only after thorough investigation of the facts in each case and only in the event the necessary personnel can be assigned without undue interference with other activities.

§ 190.388 Expedition required. It is not necessary to keep Government officers at plants where no operations are

being conducted, and, as provided in § 190.395, one officer may be assigned to supervise several small plants. Where a Government officer is not assigned continuously at a rectifying plant, rectifiers will, upon arrival of the officer, be required to conduct the operations requiring his supervision as expeditiously as possible in order that the officer may not be required to remain at the rectifying plant any longer than necessary.

§ 190.389 *Operations without supervision.* Where the volume of business at a rectifying plant is insufficient to warrant the assignment of a Government officer to continuous duty at the plant during regular business hours, the rectifier may conduct such operations in the absence of the officer as are not required by this part to be done under the supervision of a Government officer: *Provided, however,* That the district supervisor may in his discretion require such other operations to be conducted in the presence of the Government officer as he deems necessary for the protection of the revenue.

SUBPART V—COMMENCEMENT OF OPERATIONS

§ 190.395 *Assignment of storekeeper-gauger.* When a rectifying plant has been established as provided in this part, the district supervisor will, upon the commencement of operations, assign one or more storekeeper-gaugers to the plant: *Provided,* That one storekeeper-gauger may be assigned to supervise several small plants. In determining the number of storekeeper-gaugers to be assigned to a rectifying plant the district supervisor will consider the number and size of the rooms or buildings comprising the plant, the quantity of spirits to be gauged and dumped daily, the quantity to be bottled daily, and whether the rectifying plant is contiguous or adjacent to a distillery or internal revenue bonded warehouse.

§ 190.396 *Examination of plant.* Storekeeper-gaugers will, upon assignment to a rectifying plant intending to commence operations, examine the plant and the apparatus and equipment, and determine that the plant and the apparatus and equipment conform to this part.

SUBPART W—RECEIPT OF SPIRITS

§ 190.405 *Tax-paid liquors only.* Only distilled spirits, wines, and other liquors that have been previously tax-paid at the rates provided by law may be received at a rectifying plant.

§ 190.406 *Deposit in receiving room.* Except as provided in §§ 190.94, 190.407, and 190.408, all distilled spirits, wines, and other liquors received at a rectifying plant shall be immediately placed in the receiving room. The spirits, wines, and other liquors must remain in the receiving room (or storage tank located in the rectifying room) until permission is obtained on Form 122, to remove the same to the rectifying room for dumping and rectification, or on Form 230, to remove the same to the bottling room, or to the rectifying room where no separate bottling room is pro-

vided, for dumping and bottling without rectification, except that unrectified bulk spirits may be shipped or removed from the receiving room without obtaining such permission.

§ 190.407 *Receipt by tank car.* Where distilled spirits are received in tank cars or wines are received in tank cars, tanks, or tank trucks, they must be transferred directly from such containers into storage, processing or bottling tanks if the distilled spirits or wines are first inspected by a Government officer. When such spirits are transferred directly into processing or bottling tanks, the rectifier must submit Form 122 or Form 230, as the case may be, to the Government officer assigned to the plant for approval as provided in §§ 190.425-190.434 and 190.635-190.688, immediately the tank cars, tanks, or tank trucks are emptied. Distilled spirits may be received in railroad tank cars only if the premises of the rectifier are equipped with suitable railroad siding facilities. Before permitting spirits to be transferred from a tank car into storage, processing, or bottling tanks, the Government officer will see that the car seals are intact on the tank car and that the car bears evidence of proper tax-payment. When spirits are transferred into or out of storage tanks, the Government officer shall open and close the Government locks, but it shall be the duty of the proprietor to manipulate the stopcocks or valves controlling the flow of the spirits. The officer will keep a memorandum record of the quantities of spirits entered into and withdrawn from each storage tank and of each reduction in proof of the contents thereof, by dates, in order that he may determine that only lawful, tax-paid spirits are received and withdrawn from such tanks.

(53 Stat. 335, as amended; 26 U. S. C. 2883)

§ 190.408 *Receipt by pipe line.* Where spirits are received at a rectifying plant by pipe line from a contiguous distillery, internal revenue bonded warehouse, industrial alcohol plant or warehouse, or a bonded winery, they shall be conveyed directly into one or more storage tanks, unless the quantity of spirits so transferred is to be conveyed directly into one or more bottling tanks for bottling without rectification, or into one processing tank, or into more than one processing tank if such tanks are equipped for locking. Such spirits may be successively deposited into a processing tank, or into a storage tank subject to the restrictions of § 190.413. When spirits are received by pipe line from a contiguous rectifying plant, the quantity of spirits so transferred must be conveyed directly into one or more bottling tanks. When spirits are transferred into or out of such tanks, the Government officer and the rectifier shall follow the procedure specified in § 190.407 insofar as it is applicable.

(53 Stat. 335, as amended; 26 U. S. C. 2883)

§ 190.409 *Certificate of tax-payment, Form 1595.* When distilled spirits are received in a tank car at a rectifying plant, the rectifier shall at the time the car is emptied scalp the certificate of tax-payment, Form 1595, by cutting out

all of that portion of the certificate within the border. The rectifier shall then send the scalped portion of the certificate to the supervisor of the district in which the rectifier is located, and shall obliterate the remainder of the certificate. If the tank car is received without the certificate attached thereto, the rectifier shall note such fact on the bill of lading (if any) or Form 1520 or 1440 covering such tank car and immediately notify the district supervisor, who will cause such inquiry to be made respecting the shipment and receipt of the car as he may deem appropriate. Where a tank car with the certificate missing is received at a rectifying plant, the storekeeper-gauger will furnish a complete report to the district supervisor.

§ 190.410 *Comparison of scalped certificate with application.* The district supervisor will compare the scalped certificate of tax-payment, Form 1595, with the copy of the application therefor, Form 1594, forwarded to him by the collector at the time Form 1595 was issued. The certificate and the application will be compared as to names of vendor and vendee, number of gallons, amount of tax, etc., and any discrepancy will be investigated. The district supervisor will then send the copy of the application to the Commissioner, and, where there is a discrepancy, a report of his findings relative thereto.

§ 190.411 *Disposition of gauge report; tank car.* When distilled spirits received in a tank car are run into a storage tank, the report of gauge, Form 1520 in the case of spirits other than alcohol, and Form 1440 in the case of alcohol, sent to the rectifier by the vendor, shall be attached to such storage tank. The rectifier shall enter the date and quantity of each removal from the storage tank in a blank space on the report of gauge. The report of gauge shall be kept on the tank until such time as a quantity equivalent to that covered by such report has been withdrawn from the tank. The report shall then be filed by the rectifier, available for inspection by Government officers. Where the spirits are run directly from a tank car into a bottling tank for bottling without rectification, the proprietor shall make a note to that effect on the report of gauge, and attach it to the tank. Upon completion of the bottling, Form 1440 or Form 1520 will be filed by the proprietor. Where the entire quantity of spirits received is run into more than one storage tank, or into more than one bottling tank, the rectifier will prepare additional copies of the report of gauge for attachment to each such tank, and note thereon the quantity run into each tank. If the spirits are transferred directly from the tank car into one or more processing tanks, the rectifier will note on the report of gauge the quantity run into each tank and file it.

(53 Stat. 335, as amended; 26 U. S. C. 2883)

§ 190.412 *Disposition of gauge report; pipe line.* When spirits received by pipe line are run into a storage tank, the report of gauge, Form 703-A, Form 1520, or Form 1440, delivered to the rectifier by the vendor shall be attached to the stor-

age tank. The rectifier shall enter the date and quantity of each removal from the storage tank in a blank space on the report of gauge. The report of gauge shall be kept on the tank until such time as a quantity equivalent to that covered by such report has been withdrawn from the tank. The report shall then be filed by the rectifier, available for inspection by Government officers. Where the spirits are run directly by pipe line into a bottling tank, for bottling without rectification, the report of gauge will be attached to the tank. Upon completion of the bottling, Form 703-A, 1440, or 1520, as the case may be, will be filed by the proprietor. Where spirits are received by pipe line from a rectifying plant and transferred directly into a bottling tank, the rectifier shall attach the report of gauge, Form 230 or Form 237, received from the proprietor of the transferring rectifying plant to the bottling tank. Upon the completion of the bottling, Form 230 or Form 237 will be disposed of in accordance with § 190.703. Where the entire quantity of spirits received is run into more than one storage or bottling tank, the rectifier will prepare additional copies of Forms 703-A, 230, 237, 1440 or 1520, as the case may be, for attachment to each such tank, and note thereon the quantity run into each tank. If the spirits are transferred directly by pipe line into one or more processing tanks, the rectifier shall make a notation to that effect on the report of gauge and file it. The spirits transferred by pipe line may not be used by the rectifier prior to attachment of the above forms to the tank or tanks into which the spirits are directly conveyed.

(53 Stat. 335, as amended; 26 U. S. C. 2883)

§ 190.413 *Mixing of different spirits prohibited.* Spirits of less than 190 degrees of proof, received in tank cars or by pipe line, which were produced from different materials, or by two or more distillers, or at two or more distilleries, or which differ in kind according to the standards of identity established under the Federal Alcohol Administration Act, or which are otherwise heterogeneous, may not be mingled in a storage tank. Examples of spirits which are otherwise heterogeneous are spirits which have been quick-aged and spirits which have not been quick-aged, and spirits which have been stored in different kinds of cooperage. Such spirits of the same composition, produced at approximately the same proof by the same distiller at the same distillery, and differing in age (a) not more than 6 months in the case of spirits more than 2 years of age, (b) not more than 60 days in the case of spirits more than 1 year and not more than 2 years of age, or (c) not more than 30 days in the case of spirits one year of age or less, and packaged in the same kind of cooperage will be presumed to be homogeneous, and may be mingled in a storage tank. Where it is desired to mingle spirits falling within more than one of the age categories specified, the difference in age allowable shall be determined according to the age of the younger spirits. For example, if spirits not more than one year of age are min-

gled with spirits more than 1 year old, the spirits must not vary in age more than 30 days. Spirits of 190 degrees of proof or more, received in tank cars, tank trucks, or by pipe line, distilled from the same class of materials (such as grain) will be presumed to be homogeneous and may be mingled in a storage tank.

(53 Stat. 335 as amended, 391; 26 U. S. C. 2883, 3254; sec. 5, 49 Stat. 981 as amended; 27 U. S. C. 205)

§ 190.414 *Packages bearing evidence of tampering.* When the rectifier, upon inspection of spirits, discovers that any package or other container bears evidence that illicit untax-paid spirits have been substituted for the original contents or any part thereof, or that the character of the original contents has been changed by adulteration or in any other manner, except by diminution in quantity due to leakage or evaporation, he will immediately report the matter to the district supervisor and set aside the package pending advice from the district supervisor as to its disposition.

SUBPART X—GAUGING AND DUMPING SPIRITS FOR RECTIFICATION

§ 190.425 *Application, Form 122.* When the rectifier desires to dump spirits for rectification, he will prepare Form 122, in duplicate, giving a complete description of the packages and making application for permission to dump the spirits in accordance with the headings of the various columns and lines on the form, and the instructions printed thereon or issued in respect thereto and as required by this part. The rectifier will carefully gauge each package, except that where spirits are transferred to the rectifying plant directly upon tax payment from a contiguous distillery or internal revenue bonded warehouse or a distillery or internal revenue bonded warehouse located in the immediate vicinity of the rectifying plant and owned by the proprietor of the rectifying plant or a subsidiary and dumped for rectification within 30 days after receipt, the withdrawal gauge will be considered as satisfying the requirement that the spirits shall be gauged when dumped for rectification. The supervisor will determine from all circumstances in each case whether the distillery or warehouse and the rectifying plant are in the immediate vicinity. Where the spirits are so dumped on the withdrawal gauge, details of such gauge will be copied on Form 122 and in addition thereto, if the rectifying plant is equipped with processing tanks mounted on scales, the spirits may be dumped and gauged by weight in such processing tanks, after approval of Form 122 by the Government officer. In such case, the composite proof and proof gallons determined by such gauge shall also be reported on Form 122. The difference in proof gallons between the withdrawal (tax payment regauge) and such tank gauge shall also be reported on Form 122. If the spirits are to be drawn from the storage tank, the rectifier will likewise execute Form 122 giving all the information applicable. When spirits are received by pipe line or withdrawn from storage tanks and run into one or more processing tanks, or when

spirits are received by tank car and run into one or more processing tanks, the rectifier will execute Form 122 giving all applicable information. Each Form 122 will be given a serial number beginning with "1" for the 1st day of January of each year and running consecutively thereafter to December 31, inclusive.

(53 Stat. 310, 335, as amended; 26 U. S. C. 2813, 2883)

§ 190.426 *Distiller's original packages.* Where spirits, including alcohol, contained in distiller's original packages are to be dumped, the rectifier will cut out with a sharp instrument, that portion of each tax-paid stamp upon which is shown the serial number of the stamp, the date, the name of the distiller or warehouseman, the proof gallons, and the serial number of the package. The scalped portions of the stamps will be securely attached by means of a staple, eyelet, or similar device to a slip of paper in such manner that the data thereon may be readily examined, and such slip of paper bearing the cut-out portions of the stamps will be securely stapled or otherwise similarly attached to the original Form 122.

(53 Stat. 310; 26 U. S. C. 2813)

§ 190.427 *Rectified spirits.* If packages of rectified spirits are to be dumped, that portion of each rectified spirits stamp bearing the serial number, the date, the name of the rectifier, the proof gallons, the class, and the district and State, will be cut out and attached to Form 122 in the same manner as tax-paid stamps.

(53 Stat. 310; 26 U. S. C. 2813)

§ 190.428 *Imported spirits.* Where packages of imported spirits are to be dumped, that portion of each customs stamp showing the kind of spirits, the serial number, date of issue, name of the importer, proof gallons, and the name and district of the collector of customs, will be cut out and attached to Form 122 in the same manner as tax-paid stamps.

(53 Stat. 310; 26 U. S. C. 2813)

§ 190.429 *Wholesale liquor dealer's packages.* Where spirits contained in wholesale liquor dealer's packages are to be dumped, that portion of each wholesale liquor dealer's stamp extending from the top to the bottom and embracing the entire width between the words "proof" and "collector" appearing near the bottom of the stamp, will be cut out and attached to Form 122 in the same manner as tax-paid stamps.

(53 Stat. 310; 26 U. S. C. 2813)

§ 190.430 *Lost or mutilated stamps.* When a stamp has been lost or mutilated, so that the required portion thereof cannot be returned, an affidavit setting forth all the facts in the case will be made by the rectifier and attached to each copy of Form 122.

(53 Stat. 310; 26 U. S. C. 2813)

§ 190.431 *Wine stamps.* Since it is impracticable to cut out or scalp wine stamps, the rectifier will, whenever wines are to be dumped from properly stamped containers, certify to such fact by writing

the words "Wine stamps attached to the containers," in the columns provided for the description of stamps on Form 122. If the wine to be dumped is in a tank car, storage tank, bottles, or other containers to which wine stamps representing the tax are not attached, the rectifier will attach to each copy of Form 122 a statement explaining the absence of such stamps.

(53 Stat. 310; 26 U. S. C. 2813)

§ 190.432 Notation on Form 122. Where spirits are received in a railroad tank car bearing certificate of tax-payment, Form 1595, or where spirits are received by pipe line, or where spirits in stamped bottles are to be dumped, an explanatory statement will be made in the columns provided for the description of stamps on Form 122, as "Form 1595, Serial No. _____, dated _____, heretofore submitted," or "Form 1520, dated _____, pipe line transfer on Form 1595, Serial No. _____," or "Form 1440, dated _____, pipe line transfer on Form 1595, Serial No. _____," or "In stamped bottles," as the case may be.

(53 Stat. 310, 335, as amended; 26 U. S. C. 2813, 2833)

§ 190.433 Statement of Government officer. Where scalped portions of the stamps are not attached to Form 122 by reason of facts or circumstances described in §§ 190.430 and 190.431, the spirits or wines must be inspected by a Government officer before being dumped. The officer will satisfy himself that the spirits or wines have been lawfully tax-paid and will attach to each copy of Form 122 a statement, over his signature, setting forth the reasons why the scalped portions of the stamps are not attached.

(53 Stat. 310; 26 U. S. C. 2813)

§ 190.434 Approval of officer. The rectifier will submit both copies of Form 122 to the Government officer. The officer will inspect the spirits described in the application and verify the entries. If he is satisfied that the spirits are tax-paid and that the entries are correct, he will sign the approval statement on both copies, and will return the same to the rectifier.

§ 190.435 Dumping of packages of spirits. The rectifier will, upon receipt of the approved Form 122, remove the packages of spirits to the rectifying room, immediately dump the same into approved processing tanks or receptacles, and enter the date of dumping on each copy of such form.

(53 Stat. 327, 373, as amended; 26 U. S. C. 2855, 3170)

§ 190.436 Marking processing tanks. In every case where spirits are placed into processing tanks or receptacles the number of the formula under which the spirits are to be rectified will be marked legibly upon such tanks or receptacles: *Provided*, That where packages of spirits are dumped under the circumstances described in § 190.433 the rectifier will not be required to mark the formula number on processing tanks or receptacles.

§ 190.437 Disposition of approved Form 122. When the spirits have been placed into processing tanks or receptacles, the original copy of Form 122 to which the slip bearing the cutout portions of the stamps, or statements, or affidavit and statements, in lieu thereof, are attached, will be forwarded immediately by the rectifier to the district supervisor. The rectifier will retain the other copy on file at the rectifying plant available for examination by Government officers. Upon receipt of Form 122, the district supervisor will see that the requisite scalped stamps, or statements, or affidavit and statements, in lieu thereof, are attached to the form.

§ 190.438 Entire package to be dumped. A portion of a package may not be dumped for rectification. Where it is desired to rectify a quantity of spirits less than a full package, the entire package must be dumped into a processing tank or receptacle and the quantity which it is desired to rectify at that time must be removed from such tank or receptacle to another processing tank for rectification. The first processing tank or receptacle into which the full package was dumped will be labeled to show the kind of spirits and the serial number and date of the Form 122 pursuant to which such spirits were dumped. Where small quantities of rum, sherry wine, or other liquors are to be used for flavoring purposes from time to time, a statement to that effect shall be made on Form 122 covering the gauge and dumping of the packages, unless the entire quantity is to be used within 10 days from the date of dumping. No larger quantities of liquor to be used for flavoring purposes shall be dumped than necessary for a reasonable period, except that not less than an entire original package (barrel or keg) may be dumped. No liquors except small quantities of those used for flavoring and similar purposes shall be retained in processing tanks or receptacles for an indefinite period.

§ 190.439 Special authorization required for return of spirits to receiving room. When spirits have been removed to the rectifying room they may not be returned to the receiving room, except upon special authorization of the district supervisor. The district supervisor will authorize the return of spirits from the rectifying room to the receiving room without payment of rectification tax only where reasonable cause for such action is shown and he is satisfied that the spirits have not been subjected to any act of rectification. The mere cancellation of orders is not deemed to be sufficient cause to warrant the granting of such authorization unless the product is one for which the rectifier has no other sale.

§ 190.440 Destruction of stamps, marks, and brands on spirits packages. When packages of distilled spirits are emptied all stamps, except the scalped portions thereof attached to Form 122, and all marks and brands which such packages are required by law to bear, must be completely effaced and obliterated. This should be done immediately upon completion of the dumping, drain-

ing, and rinsing of the packages. Packages from which all stamps, marks, and brands have not been completely effaced and obliterated are subject to forfeiture.

(53 Stat. 330; 26 U. S. C. 2876)

§ 190.441 Destruction of tank car certificates. Certificates of tax-payment affixed to tank cars of distilled spirits, except the portions thereof scalped for submission to the district supervisor, must likewise be immediately destroyed when such cars are emptied.

(53 Stat. 335, as amended; 26 U. S. C. 2883)

§ 190.442 Destruction of stamps and marks on wine containers. When packages of wines are emptied by a rectifier all stamps and marks which such packages are required by law and regulations to bear must be destroyed by scraping or obliteration immediately the packages are emptied. All labels and stamps affixed to tank cars, tanks, tank trucks, or similar containers of wine indicating tax-payment of the contents must also be scraped or obliterated immediately such containers are emptied.

§ 190.443 Rinsing of barrels. When packages are dumped for bottling, the barrels and char and wood chips, if any, contained therein must be thoroughly rinsed with water. When packages of distilled spirits which were rinsed in the internal revenue bonded warehouse at the time they were dumped for tax-payment are dumped for bottling, the barrels, char and wood chips contained therein must be thoroughly rinsed with water of a temperature not greater than that of the rinse water used at the time of tax-payment as shown by the marking on the barrels. The rinse water obtained at the time of dumping for bottling may be used to reduce the proof of spirits dumped from such barrels in the rectifying plant. When packages containing rectified spirits exempt from the rectification tax are dumped for bottling, the barrels and char contained therein must be thoroughly rinsed and the rinse water obtained may be used to reduce the proof of spirits dumped from such barrels in the rectifying plant. Any rinse water remaining after reduction must be poured upon the ground or into a sewer and may not be mixed with spirits dumped from other packages: *Provided*, That where rectified spirits or products subject to the rectification tax are manufactured, such remaining rinse water may be used in spirits or products to be rectified notwithstanding that the spirits so reduced may differ in composition from the spirits dumped from the barrels rinsed. In the case of packages not rinsed in the internal revenue bonded warehouse at the time of tax-payment and in the case of packages containing rectified spirits on which the rectification tax has been paid, the barrels, char and wood chips contained therein must be thoroughly rinsed with water. Except as provided in § 190.699, the rinse water obtained from such barrels may not be used to reduce the proof of spirits dumped from such barrels in the rectifying plant, but must be poured upon the ground or into a sewer. Char and wood chips dumped

from packages must be burned on the premises of the rectifying plant, or, if such burning is not practicable, treated with kerosene before removal from the premises. Where kerosene is used, it must be sprayed or sprinkled on the materials, using not less than 1 gallon of kerosene to each 100 pounds of materials, in such manner as to preclude the abstraction of potable spirits from any part of the materials after removal from the premises. This will be effected by stirring or agitating the materials while the kerosene is being applied. Such burning or treating of materials must be done under the supervision of a Government officer. The district supervisor may authorize any other disposition of the materials that will effectively prevent recovery of spirits therefrom. Packages which were tax-paid prior to September 1, 1950, may continue to be rinsed in the rectifying plant and the rinse water used in the same manner as permitted prior to September 1, 1950.

(53 Stat. 335, as amended; 26 U. S. C. 2883).

§ 190.444 *Extracting spirits from wood forbidden.* The rinsing with water of a temperature in excess of that provided for in § 190.443, or the steaming of packages, char or wood chips, if any, contained therein, for the purpose of extracting spirits from the staves and heads of the packages or from the char or wood chips, is forbidden, unless such rinse water is immediately destroyed. Likewise, such barrels may not be filled or partially filled with water and permitted to stand for the purpose of extracting spirits, nor may any other method or process, except as authorized in § 190.443, be used to extract spirits from the barrels.

(53 Stat. 306, 335, as amended; 26 U. S. C. 2806, 2883)

§ 190.445 *Use of original packages as processing receptacles.* When distilled spirits and wines are to be rectified they must be dumped pursuant to approved Form 122 into approved processing tanks or receptacles: *Provided, however,* That, where it is desired to rectify the spirits or wines within the original packages, the original stamps and marks may be completely effaced and obliterated and the packages marked as processing receptacles or quick-aging packages in accordance with § 190.121 or § 190.123, as the case may be, in which case the spirits or wines will be considered as constructively dumped.

§ 190.446 *Use of original packages as shipping containers.* Original packages may be used as shipping or storage containers for rectified products, provided all of the original stamps and marks are completely effaced from the packages, as required in §§ 190.440 and 190.442, and the packages are marked and stamped as shipping containers in accordance with Subpart II of this part. Where the original packages have been used as processing receptacles upon destruction of the original stamps and marks, and the marking of the containers as processing receptacles or quick-aging packages, the markings as processing receptacles or quick-aging packages must likewise be completely effaced and the packages

marked and stamped in accordance with Subparts GG and II of this part before they may be used as shipping containers.

§ 190.447 *Discrepancies disclosed by regauge to be reported.* Whenever a rectifier, upon regauging any distiller's original package to be dumped for rectification or for bottling finds that due to increase in gross weight or in proof the package contains 1 proof gallon or more of spirits in excess of the quantity which, according to the stamps, marks, and brands on the package, was contained therein at the time of tax-payment, he shall set aside the package and notify the district supervisor of the results of his regauge.

§ 190.448 *Verification.* The district supervisor will cause the package to be inspected and regauged by an experienced storekeeper-gauger. If the excess of spirits is reported to be due to an increase of the gross weight of the package, the storekeeper-gauger will test the scales to determine the accuracy thereof before reweighing the package; and if the excess is reported to be due to an increase in the proof of the spirits, the storekeeper-gauger will see that the hydrometer and thermometer are accurate before taking the proof of the spirits. Upon completion of the regauge the storekeeper-gauger will submit to the district supervisor a report of his inspection, accompanied by a report of the regauge on Form 1520. The package will not, however, be detained or seized, unless the circumstances are such as to indicate fraud.

§ 190.449 *Assessment of tax.* If the storekeeper-gauger's report of gauge shows an excess of 1 proof gallon or more of spirits, and there is nothing to indicate an intentional evasion of tax, the district supervisor will report the taxable excess to the Commissioner for assessment against the distiller or warehouseman who tax-paid the spirits, in accordance with the prescribed assessment procedure. If, however, the storekeeper-gauger's report indicates fraud, the district supervisor will cause a thorough investigation to be made before determining and reporting the tax liability for assessment.

SUBPART Y—RECTIFICATION

KINDS OF LIQUORS

§ 190.460 *Tax-paid liquors only.* Only distilled spirits, wines and other liquors that have been previously tax-paid at the rates provided by law, may be used for rectification. No wines or other liquors may be produced by fermentation at a rectifying plant, except that champagne and sparkling wine may be so produced through secondary fermentation of tax-paid wine.

TAX-EXEMPT GIN

§ 190.461 *Production.* Gin may be produced exempt from the rectifying tax by the redistillation of a pure spirit over juniper berries and other aromatics. Gin so produced must be run into a receiving tank from which it must be promptly (a) drawn into packages, gauged, stamped, and removed to the finished products room or (b) trans-

ferred to a bottling tank, gauged, and bottled and removed to the finished products room or conveyed by pipe line to a contiguous tax-paid bottling house or rectifying plant for bottling. (See §§ 190.615 to 190.672.)

(53 Stat. 298, as amended, 26 U. S. C. 2800)

§ 190.462 *Definition of pure spirit.* The term "pure spirit" is held to mean alcohol or neutral spirits, distilled at or above 190 degrees of proof (whether or not such proof is subsequently reduced), free from impurities, including spirits of such a nature recovered by redistillation of imperfect gin spirits.

(53 Stat. 298, as amended, 335, as amended; 26 U. S. C. 2800, 2883)

§ 190.463 *Type of still.* Tax-exempt gin may be produced by a rectifier by redistillation of pure spirits over juniper berries and other aromatics with any type of still where the process is continuous and closed. There may be refluxing of gin spirits, if such spirits are refluxed immediately and directly back to the same gin still with the same charge. There cannot be any redistillation where the vapors do not pass over the juniper berries and other aromatics. Where the gin still is equipped with a by-pass around the berry basket, such by-pass must be removed or provided with a stop-cock and kept locked with a Government lock, except when taxable spirits are being produced.

§ 190.464 *Juniper berries and other aromatics.* The juniper berries may be crushed or mashed, and the other flavoring herbs and substances such as licorice, orange peel, orris root, etc., may be reduced to smaller particles to facilitate extraction, but the materials may not be steeped or percolated with the spirits before distillation is commenced. The juniper berries and other aromatics may be placed in the gin head of the still or in the liquid spirits within the still. Extracts, essences, oils, etc., of such materials may not be used.

(53 Stat. 298, as amended; 26 U. S. C. 2800)

§ 190.465 *Mixing with other spirits or materials prohibited.* Gin produced by redistillation under exemption from tax cannot be mixed with other spirits or treated by the addition or abstraction of any substance or material other than pure water after redistillation, nor can any substance or material other than juniper berries or other aromatics or pure water be added to the spirits prior to or during redistillation.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

§ 190.466 *Reduction and filtering.* Gin exempt from the rectifying tax may be reduced with water in the receiving or bottling tanks and may be filtered when necessary to remove materials held in suspension. The use of filters or filter-aids which will remove essential oils or flavoring materials in solution, thereby changing the composition and character of the gin, will subject the product to the rectifying tax. Whether the filtering changes the composition of the gin by removing materials in solution is a question of fact determinable

by chemical analysis of samples of the spirits before and after filtration.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

TAXABLE GIN

§ 190.467 *Production.* Gin produced in any manner or by any means, other than by the redistillation of a pure spirit over juniper berries and other aromatics as provided in § 190.461 (or by original and continuous distillation at a registered distillery), is subject to the rectification tax. Such taxable gin includes gin produced by compounding spirits with juniper oil, extracts, essences, derivatives, or other similar materials; gin produced by steeping juniper berries, aromatics, sloe berries, or other materials in spirits; gin produced by blending distilled or compounded gin with spirits; gin produced with spirits other than pure spirits, either by distilling or compounding; and gin manufactured by the use of any process or materials other than those specified in §§ 190.461-190.466 as exempt from the rectification tax.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

§ 190.468 *Treatment of gin.* The treatment of gin with any materials or process which changes its composition, subjects the product to the rectification tax. Such treatment includes the flavoring of gin with fruits, sloe berries, extracts, essences, etc., and the manipulation of gin by a physical or chemical process, such as redistillation, filtration, or treatment with activated carbon or other materials, which changes its composition or character.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

PURIFYING OR REFINING SPIRITS

§ 190.469 *General.* Except as otherwise provided in Subpart C of this part, the purifying or refining of distilled spirits by any process constitutes taxable rectification. Such purifying or refining processes include redistillation; leaching; filtering or centrifuging; treatment with activated carbon, chemicals or other materials; or any other process which changes the character or composition of the spirits by removal, change, or modification of soluble matter held in solution in the spirits.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

§ 190.470 *Disposition.* When alcohol or other spirits, such as, heads and tails or high- and low feints, impure, or imperfect spirits and products, residues, etc., are purified or refined at a rectifying plant, such purified or refined spirits must be promptly gauged in the receiving tank, Form 237 prepared, and the tax paid by means of rectified spirits stamps in accordance with the procedure set forth in § 190.585 for the payment of tax on spirits in bottling tanks, unless such purified or refined spirits are to be used in the rectifying plant in the manufacture of taxable rectified products, as provided in § 190.472. Materials used for purifying or refining spirits will be

disposed of in the manner prescribed by § 190.496.

(53 Stat. 298, as amended, 329; 26 U. S. C. 2830, 2861)

§ 190.471 *Use in manufacturing tax-exempt products.* Where the purified or refined spirits are to be used on the premises in the manufacture of rectified products exempt from the rectification tax, the rectification tax due on such purified or refined spirits must be paid upon completion of the purifying or refining process. The tax-paid spirits may then be used alone or with other spirits of substantially the same kind in the manufacture of tax-exempt finished products under an approved formula and process. Impure or imperfect gin spirits which have been purified or refined and tax-paid upon completion of the purifying or refining process may be used with alcohol or neutral spirits in the manufacture of tax-exempt gin, notwithstanding that the purified or refined spirits retain traces of gin flavoring.

§ 190.472 *Use in manufacturing taxable rectified products.* Where the purified or refined spirits are to be used in the manufacture of taxable rectified products, the rectification tax on the purified or refined spirits must likewise be paid upon completion of the purifying or refining process, unless they are immediately transferred to a processing tank and compounded with other ingredients in the manufacture of such taxable rectified products under an approved formula and process that includes purifying or refining of the spirits and is continuous and unbroken, as defined in § 190.363, in which event the rectification tax will be due and payable only on the finished product. Where the purified or refined spirits are held for subsequent use, the process is not regarded as continuous, and rectification tax will be collected on the purified or refined spirits upon completion of the purifying or refining process, and also on the finished product.

BLENDING

§ 190.473 *Constitutes rectification.* The blending (mixing together) of two or more heterogeneous spirits or wines constitutes rectification and, except as provided in this subpart, necessitates payment of the rectification tax of 30 cents per proof gallon.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

§ 190.474 *Requirements.* All blending must be done according to an approved formula and process, and in designated processing tanks in the rectifying room. Upon completion of the blending, the blended spirits (unless such spirits are to be further aged or matured, or are to be held for a period for "marrying," as provided in § 190.533) must be promptly (a) drawn into packages, gauged, tax-paid (unless not subject to tax), stamped, and removed to the finished products room, or (b) transferred to a bottling tank, gauged, tax-paid (unless not subject to tax), and (1) bottled and removed to the finished products room or (2) conveyed by pipe line to a contiguous tax-

paid bottling house or rectifying plant for bottling.

(53 Stat. 298, as amended, 329; 26 U. S. C. 2800, 2861)

BLENDING OF WINES

§ 190.475 *Tax-exempt blending.* The blending of tax-paid wines by rectifiers for the sole purpose of perfecting such wines according to commercial standards is, under the law, exempt from the rectifying tax of 30 cents per proof gallon. This exemption from rectification tax is held to apply only where the wines so blended are made from the same kind of fruit. The blending of wine made from one kind of fruit with wine made from another kind of fruit, as for example, the blending of blackberry wine with grape wine, constitutes taxable rectification.

(53 Stat. 300, as amended; 26 U. S. C. 2801)

§ 190.476 *Approval of formula and process required.* Where the rectifier desires to blend tax-paid wines for the sole purpose of perfecting such wines according to recognized commercial standards under exemption from the rectifying tax, he will, before commencing such blending, submit his formula and statement of process on Form 27-B Supplemental through the district supervisor for approval by the Commissioner as a tax-free blend. The rectifier will, in connection with the formula and process, show the kind and type of the wines to be blended, the respects in which they are to be perfected according to recognized commercial standards, and the kind and type of the blended product. The Commissioner or the district supervisor may require the submission of such additional information as he may deem necessary.

§ 190.477 *Taxable blending.* Any blending of wines by rectifiers, except for the sole purpose of perfecting such wines according to recognized commercial standards, as set forth in § 190.475, incurs the rectifying tax.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

§ 190.478 *Additional wine tax.* Where the taxable grade of wine is increased by blending, additional gallonage wine tax must be paid on the resultant product representing the difference between the tax originally paid on the wine and the tax due on the blended product, as provided in Subpart AA of this part. For example, if 100 gallons of wine containing 20 percent alcohol, on which wine tax in the amount of \$60 has been paid, are blended with 100 gallons of wine containing 12 percent alcohol, on which wine tax in the sum of \$15 has been paid, making a total wine tax paid on the two wines of \$75, and the resultant product contains 16 percent alcohol, the wine tax on which would amount to \$120, additional wine tax of \$45 must be paid on the blended product, regardless of whether or not the 30-cent rectifying tax is incurred by the blending.

(53 Stat. 347, as amended, 525; 26 U. S. C. 3030, 3190)

BLENDING OF STRAIGHT WHISKIES AND PURE FRUIT BRANDIES

§ 190.479 *Exemption from tax.* The rectifying tax of 30 cents per proof gallon does not attach to blends made exclusively of two or more pure straight whiskies aged in wood for a period of not less than four years and without the addition of coloring or flavoring matter or any other substance than pure water, and if not reduced below 90 proof, nor to blends made exclusively of two or more pure fruit brandies distilled from the same kind of fruit, aged in wood for a period not less than two years and without the addition of coloring or flavoring matter or any other substance than pure water and if not reduced below 90 proof: *Provided*, That the blending is done under the immediate supervision of the Government officer assigned to the plant or detailed to such duty by the district supervisor: *And provided further*, That the foregoing prohibition against the addition of coloring or flavoring matter shall not be construed to prevent the blending under the provisions of this part of pure fruit brandies otherwise eligible, to which a small quantity of burnt sugar has been added under the limitations prescribed in Regulations 5 (26 CFR Part 184).

(53 Stat. 300, as amended; 26 U. S. C. 2801)

§ 190.480 *Application for supervision.* When a rectifier desires to blend two or more straight whiskies or two or more fruit brandies distilled from the same kind of fruit, under exemption from rectifying tax, he will make written application, in duplicate, to the Government officer assigned to the plant. The application will be accompanied by Form 122, in duplicate, properly executed, to show that it is desired to blend straight whiskies aged in wood for a period of not less than four years, or fruit brandies distilled from the same kind of fruit and aged in wood for a period of not less than two years, without payment of rectification tax.

(53 Stat. 300, as amended; 26 U. S. C. 2801)

§ 190.481 *Required data.* The application must state, in addition to the data shown in Form 122, the dates when the whiskies or brandies were produced as to each package; the proof to which the blended whisky or brandy is to be reduced; and that no coloring, flavoring, or other substance will be added, except the quantity of pure water necessary to reduce the whisky or brandy to the desired proof.

(53 Stat. 300, as amended; 26 U. S. C. 2801)

§ 190.482 *Approval by officer.* The Government officer will make the examination prescribed in § 190.483, and, if satisfied that the whiskies or brandies may be blended free of tax, he will execute his certificate and the approval statement on Form 122, and return both copies to the rectifier.

(53 Stat. 300, as amended; 26 U. S. C. 2801)

§ 190.483 *Officer's examination.* The officer who is to supervise the blending will examine the records of the rectifier and the packages covered by the application to ascertain whether they contain

straight whisky or fruit brandy and whether such whisky or brandy has been properly tax-paid and aged in wood for four years or more in the case of whisky, or two years or more in the case of brandy, and is in every respect eligible to be blended without payment of the rectification tax, as authorized by law. The officer will likewise examine the tank or tanks into which the whisky or brandy is to be dumped to insure that they do not contain any spirits, coloring, flavoring, or other substance.

(53 Stat. 300, as amended; 26 U. S. C. 2801)

§ 190.484 *Supervision of operations.* After the officer has completed his examination of the whisky or brandy and the tanks and other equipment, and if satisfied in every respect, he will notify the rectifier that he may proceed with the blending. The officer will supervise the blending of the whiskies or brandies and the reduction of the proof thereof, and upon completion of same will note on each copy of the application that the whisky or brandy was blended and reduced in proof (if reduced) under his supervision, in accordance with the application. The Government officer will then deliver both copies of the application to the rectifier, who will attach a copy to each Form 122 covering the gauge of the spirits, retain one copy of Form 122 with a copy of the application attached, and forward the other copy to the district supervisor.

(53 Stat. 300, as amended; 26 U. S. C. 2801)

§ 190.485 *Bottling.* If the blended whisky or brandy is to be bottled, an accurate gauge thereof in the bottling tank will be made and reported on Form 237, in duplicate if it is to be bottled directly from such bottling tank, and in triplicate if it is to be transferred to a contiguous tax-paid bottling house or rectifying plant for bottling. (See Subpart BB of this part.) The Government officer approving the form will note in the approval statement thereof "Exempt from tax under section 2801, I. R. C."

(53 Stat. 300, as amended; 26 U. S. C. 2801)

§ 190.486 *Packaging.* If the blended whisky or brandy is to be drawn off into packages, an accurate gauge of each package will be made and the details thereof reported on Form 237, in triplicate, as provided in Subpart BB. The Government officer approving the form will note in the approval statement thereof, "Exempt from tax under section 2801, I. R. C." The collector will issue class A (No money value) rectifier's stamps for the packages, and will note in the proper column of each copy of Form 237 the serial number of the stamp to be attached to each package.

(53 Stat. 300, as amended, 329; 26 U. S. C. 2801, 2861)

§ 190.487 *Removal of blended whisky or brandy.* Upon being bottled or packaged and stamped, the blended whisky or brandy must be immediately removed to the finished products room. Upon removal of the whisky or brandy to the finished products room, or the transfer thereof to a contiguous tax-paid bottling house or rectifying plant for bottling, Form 237 will be completed and disposed

of as provided in Subpart BB of this part.

(53 Stat. 300, as amended; 26 U. S. C. 2801)

§ 190.488 *Failure to observe conditions.* Any blending of such whisky or brandy without supervision of a Government officer as outlined in § 190.484, or with the addition of any coloring, flavoring, or other substance, or if reduced below 90 proof, will necessitate payment of the rectifying tax.

TAXABLE BLENDING OF SPIRITS

§ 190.489 *Blending constitutes rectification.* Except as provided in § 190.479, any blending of two or more heterogeneous spirits by a rectifier constitutes taxable rectification. For example, the dumping together of spirits produced by different distillers, or of different ages or blends or rectifications (except as provided in § 190.697), or which differ in kind according to the standards of identity established under the Federal Alcohol Administration Act (27 U. S. C. 205 (e), (f)), or which are not homogeneous, will constitute taxable rectification. Likewise, the dumping together of spirits stored in new charred cooperage with spirits stored in plain or reused cooperage, or the mixing of spirits that have been quick-aged or treated with wood chips with spirits not so processed, or the mixing of spirits that have been subjected to any treatment which changes their character with spirits not so treated, will constitute taxable rectification, unless it is established by chemical analysis or organoleptic examination that the composition of the spirits is the same, notwithstanding the storage in different kinds of cooperage or the treatment of a portion of the spirits.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

§ 190.490 *Dumping for convenience in bottling.* The term "blending" shall not be construed to include the dumping together, for convenience in bottling, of distilled spirits within the descriptions and limitations specified in § 190.697. The spirits so dumped together must be, in fact, of the same composition or character and the purpose of the dumping must be solely for convenience in bottling. The regular dumping together of spirits of different ages, or different blends or rectifications, at the time of bottling is indicative of blending (rectification), and will be made the subject of appropriate inquiry by the district supervisor to determine whether the mass of spirits dumped together is homogeneous with each of its component parts.

QUICK-AGING

§ 190.491 *Constitutes rectification.* The "quick-aging" of spirits by rectifiers constitutes rectification and necessitates payment of the rectifying tax.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

§ 190.492 *Quick-aging processes.* The use of any physical or chemical process or any apparatus which accelerates the maturing of the spirits, such as the placing of wood chips in a barrel of whisky by a rectifier, or the applica-

tion of heat in a barrel by means of a steam coil or other heating device, will subject the spirits to the rectifying tax of 30 cents per proof gallon. Where tax-paid spirits are artificially heated in any manner to a temperature above 80 degrees Fahrenheit, such action is regarded as heating the spirits for the purpose of accelerating the aging process, and will subject the spirits to the rectifying tax.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

§ 190.493 Quick-aging containers. "Quick-aging" may be done by the rectifier pursuant to an approved formula and process only, either in the designated processing tanks or in portable containers, such as barrels and kegs, which need not be permanently marked as in the case of stationary processing tanks, but each such barrel or keg must be marked as provided in § 190.123.

§ 190.494 Quick-aging as part of rectifying process. Where spirits are blended, purified, or refined, or otherwise rectified, and then quick-aged, only one rectification tax will be incurred if the blending, purifying, refining, etc., and "quick-aging" are continuous and the quick-aging is a part of the approved formula and process. Where the process is not continuous and the approved formula and process do not include the quick-aging of the spirits, two rectification taxes must be paid, one at the time of blending, purifying, refining, etc., and another upon completion of the "quick-aging" process. For example, if spirits are blended in a processing tank and then drawn off into barrels which are immediately placed in the quick-aging room and subjected to a quick-aging process, the rectification tax need not be paid until the "quick-aging" process has been completed, provided such process is included in the approved formula and process. However, if spirits are blended and later "quick-aged," both operations not being continuous and not included in an approved formula and process, such procedure would constitute two processes of rectification and necessitate payment of the rectifying tax for each process.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

§ 190.495 Completion of process. Upon completion of the approved process the spirits must be immediately (a) packaged, gauged, tax-paid, stamped, and removed to the finished products room, or (b) transferred to a bottling tank, gauged, tax-paid, and (1) bottled and removed to the finished products room or (2) conveyed by pipe line to a contiguous tax-paid bottling house or rectifying plant for bottling.

(53 Stat. 298, as amended, 329; 26 U. S. C. 2800, 2861)

§ 190.496 Destruction of materials. Materials, such as wood chips, used in a quick-aging process must, upon removal from the process, be burned on the premises of the rectifying plant, or, if such burning is not practicable, treated with kerosene before removal from the premises. Where kerosene is used, it must be sprayed or sprinkled on

the materials, using not less than 1 gallon of kerosene to each 100 pounds of materials, in such manner as to preclude the abstraction of potable spirits from any part of the materials after removal from the premises. This will be effected by stirring or agitating the materials while the kerosene is being applied. Such burning or treating of materials must be done under the supervision of a Government officer. The district supervisor may authorize any other disposition of the materials that will effectively prevent recovery of spirits therefrom.

(53 Stat. 298, as amended, 329; 26 U. S. C. 2800, 2861)

COMPOUNDING

§ 190.497 Constitutes rectification. The compounding of spirits or wines through the mixing of any coloring, flavoring, or other material (including carbon dioxide) with either distilled spirits or wines for sale as such, or as another product, such as a cordial or liqueur, constitutes rectification and necessitates payment of the rectifying tax thereon, except where cordials or liqueurs subject to tax under section 3030 (a), I. R. C., as provided in Subpart AA of this part, are manufactured. Compounding must be done in the rectifying room in the processing tanks or other suitable vessels appropriately marked (see Subpart I of this part). Compounding must likewise be done in accordance with the formula and process submitted by the rectifier, as provided in Subpart S of this part.

(53 Stat. 298, as amended, 300, as amended, 391; 26 U. S. C. 2800, 2801, 3254)

§ 190.498 With fruits, berries, etc. The steeping or soaking of fruits, such as apricots, peaches, etc., or of berries, such as sloe berries, juniper berries, etc., or of aromatic herbs, roots, seeds, etc., in spirits or wines by rectifiers constitutes rectification and necessitates payment of the rectifying tax on the finished product.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

§ 190.499 With sugar, caramel, essences, etc. The addition of sugar, dextrose, rock candy, or any sweetening materials, or of essences, extracts, or other flavoring materials, or of any coloring material, such as caramel, to spirits or wines by a rectifier, regardless of quantity, constitutes rectification and necessitates payment of the rectifying tax on the finished product, unless such product is a liqueur or cordial subject to tax under section 3030 (a), I. R. C.

(53 Stat. 298, as amended, 300, as amended, 391; 26 U. S. C. 2800, 2801, 3254)

§ 190.500 Mixing spirits and wine. The mixing or compounding of distilled spirits and wine with each other by a rectifier constitutes rectification and necessitates payment of the rectifying tax. Where the rectified product is classed as wine and the taxable grade of the wine is increased by the addition of the distilled spirits thereto, additional tax due on the wine according to its new grade must be paid as well as the rectification

tax, as provided in Subpart AA of this part. Likewise where the volume of the wine is increased, wine tax must be paid on the additional gallonage, as provided in § 190.501.

(53 Stat. 298, as amended, 347, as amended, 391; 26 U. S. C. 2800, 3030, 3254)

§ 190.501 Increasing volume of wine. Where wine is treated or compounded at a rectifying plant by the addition of sugar or a sugar solution or other material thereto, and the volume of the wine is increased by such treatment, wine tax must be paid on the additional gallonage, plus the rectification tax on the entire quantity. If, however, the wine is so treated as to convert it into a distinct product other than wine and it is not sold as wine, no additional wine tax will be due.

(53 Stat. 347, as amended; 26 U. S. C. 3030)

§ 190.502 Artificial carbonation. The artificial carbonating of spirits or wines constitutes rectification and necessitates payment of the rectifying tax. Where spirits or wines are subjected to some other process of rectification and are immediately thereafter carbonated and bottled, only one rectification tax will be incurred for the entire process, if the carbonization is included in the formula and process submitted by the rectifier; but if the spirits or wines are subjected to a specified rectifying process and are later carbonated, such will necessitate the payment of the rectifying tax twice on the spirits or wines involved.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

§ 190.503 Manufacture of distinct products. Where a distinct product is manufactured, such as vermouth, champagne or sparkling wine, or artificially carbonated wine, which is subject to tax under section 3030 (a), I. R. C., such tax must be paid in addition to the rectification tax: *Provided*, That the rectification tax shall not attach to liqueurs or cordials containing sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, prune wine, plum wine, pear wine, pawpaw wine, papaya wine, pineapple wine, cantaloup wine, or apple wine, fortified with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, prune brandy, plum brandy, pear brandy, pawpaw brandy, papaya brandy, pineapple brandy, cantaloup brandy, or apple brandy, respectively. (See Subpart AA of this part.)

(53 Stat. 347, as amended; 26 U. S. C. 3030)

§ 190.504 Manufacture of intermediate products. Where products, such as vermouth, blended whisky, compounded gin, etc., are compounded under an approved formula and process as an intermediate step in the manufacture of a specified finished product, such as a cocktail, sloe gin, etc., and such intermediate products are not made as finished products for sale but are retained in the processing room for use in further compounding under a specified process, tax will attach to the finished product only and not to the intermediate

product. Where it is desired to manufacture an intermediate product for use in manufacturing a finished product with payment of tax on the finished product only, a separate formula and process must be filed for the intermediate product and for the finished product, and the intermediate product must be designated as such on the formula and process.

§ 190.505 Use of vermouth in manufacturing. Where tax-paid vermouth is mixed with distilled spirits or other liquors in the manufacture of a cordial, liqueur, or similar compound, such cordial, liqueur, or similar compound will be subject to the rectifying tax of 30 cents per proof gallon, but will not be taxable under section 3030 (a), I. R. C., unless it contains fortified wine of the kind described in § 190.503 in addition to that used in the manufacture of such tax-paid vermouth. If, however, the vermouth is compounded with such fortified wine as an intermediate step in the manufacture of the cordial, liqueur, or similar compound, the finished product will be taxable under section 3030 (a), I. R. C.; but in such event the vermouth will not be subject to tax as such nor will the rectification tax attach to the cordial, liqueur, or similar compound, provided the manufacturing operation is continuous and is conducted in accordance with the formula and statement of process submitted by the rectifier.

(53 Stat. 298, as amended, 300, as amended, 347, as amended; 26 U. S. C. 2800, 2801, 3030)

§ 190.506 Completion of process. Upon completion of the process of compounding or manufacturing where another product, such as a cordial or liqueur is made, the compounded liquor or product produced thereby must be tax-paid and removed to the finished products room or conveyed by pipe line to a contiguous tax-paid bottling house or rectifying plant for bottling. The proof-gallon content of such compounded liquors or products must be determined as set forth in Subpart BB of this part.

MANUFACTURE OF SPARKLING WINES

§ 190.507 Statement of process. Champagne and other sparkling wines may be manufactured by a rectifier from tax-paid domestic or imported wines. A statement of the exact process to be followed in manufacturing sparkling wines must be filed by the rectifier on Form 27-B Supplemental, as provided in Subpart S of this part, and application made for extension of time in which to complete the process of manufacture, as provided in Subpart Z of this part. In view of the nature of the manufacturing process, a statement as to the approximate period of manufacture will be acceptable.

§ 190.508 Dumping of still wine. When the rectifier desires to dump still wine for bottling for champagne manufacture or for the manufacture of a sparkling wine of the champagne type by fermentation in bulk, he will submit Form 122, in duplicate, properly executed, to the Government officer for approval, and the same procedure will be followed as in the case of the dumping

of wines for rectification by other processes.

§ 190.509 Storage during manufacture. The bottled wine will be kept in the champagne room during the process of manufacture into champagne or other sparkling wines, except that where the rectifying room is used exclusively for the manufacture of such wines, the bottled wine may be retained in the rectifying room during the manufacturing process.

§ 190.510 Records and reports. Where the sparkling wine is to be manufactured by secondary fermentation within the bottle, the rectifier will, upon bottling the still wine, prepare a special report on Form 702-A, in triplicate, properly modified as to the heading, and showing in Statement II the date, quantity, and alcoholic content of the still wines used and the number of bottles of each size filled. Form 702-A must be sworn to before an officer authorized to administer oaths: *Provided*, That if the form officially prescribed for such report contains therein a provision for verification by a written declaration that such report is made under the penalties of perjury, such report shall be verified by the execution of such declaration, and such declaration so executed shall be in lieu of the oath required herein for verification. The rectifier will retain one copy of Form 702-A and forward two copies to the district supervisor, who will keep one copy and forward one copy to the Commissioner. Thereafter, as long as sparkling wines are in the process of manufacture the rectifier will prepare a report thereof each month on Form 702-A, in triplicate, one copy of which will be retained at the rectifying plant and two copies forwarded to the district supervisor enclosed with the rectifier's monthly report, Form 45. The rectifier will also make appropriate entries on Form 45 of the manufacture and disposition of all sparkling wines produced.

(53 Stat. 327, 373, as amended, 63 Stat. 667; 26 U. S. C. 2855, 3170, 3809)

§ 190.511 Completion of process. Upon completion of the process of manufacture, Form 237, properly modified, will be promptly prepared in triplicate, the rectifying and sparkling wine taxes will be paid and the sparkling wine will be removed to the finished products room, as provided in Subpart EB of this part.

FILTERING

§ 190.512 Taxable filtration. Any filtering of distilled spirits or wines by rectifiers which purifies or refines and changes the composition or character of the spirits or wines constitutes rectification and necessitates payment of the rectifying tax of 30 cents per proof gallon. Such filtering must be done within the rectifying room and upon completion thereof the spirits or wines must be immediately (a) drawn into packages, gauged, tax-paid, stamped, and removed to the finished products room; or (b) transferred to a bottling tank, gauged, tax-paid, and (1) bottled and removed to the finished products room, or (2) conveyed by pipe line to a contiguous

tax-paid bottling house or rectifying plant for bottling.

(53 Stat. 298, as amended, 329, 391; 26 U. S. C. 2800, 2861, 3254)

§ 190.513 Filtering out solid matter. Filtering which consists of merely removing foreign substances, such as particles of char, wood, or other extraneous solid matter which have got into the spirits or wines since manufacture, and which does not change the original character of the spirits or wines through removal of any congener substance, or change the composition, does not constitute rectification.

§ 190.514 Filtering out cloudiness. The filtering of whisky, brandy, or rum for the removal of cloudiness due to the presence of finely pulverized or agglutinated charcoal or other extraneous matter does not constitute rectification, provided there is no change in the original composition or character of the spirits. However, the filtering out of congener substances, thereby changing the composition and character of the spirits, will constitute rectification.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

§ 190.515 Soluble matter held in solution. The use of filters and filter-aids which will remove, change, or modify soluble matter held in solution in the spirits, thereby changing the composition or character of the spirits, will subject the product to the rectifying tax. Whether filtering changes the composition of the spirits by removal or modification of matter in solution is a question of fact determinable by chemical analysis of the spirits before and after filtration. Where there is doubt whether the filtering changes the composition of the spirits, samples should be taken of the spirits both before and after filtering and submitted to the Bureau chemist for examination.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

§ 190.516 Filtering as part of rectifying process. Spirits may be purified or refined by filtering one or more times during the rectifying process without incurring more than one rectification tax, provided such filtering is done pursuant to an approved formula and process and the operation is continuous and unbroken. If the spirits or wines are subjected to a rectifying process and are then set aside, removed to the finished products room, etc., and later filtered in such a manner as to constitute rectification, such filtering will necessitate the payment of another rectifying tax on the spirits or wines involved. Likewise, when the process of rectification has been completed any further filtering which purifies or refines the spirits or wines through the removal of any congeners, or which changes the original composition of the spirits or wines, will necessitate payment of another rectifying tax.

(53 Stat. 298, as amended, 391; 26 U. S. C. 2800, 3254)

§ 190.517 Clarification of wine. The clarification of wine on the premises of a rectifier by filtering, sedimentation, or the addition of isinglass or similar clari-

ifying substance, which does not change the composition of the wine is permissible, and such manipulation only does not involve the rectifier in any additional tax.

OTHER PROCESSES

§ 190.518 *Must conform to regulations.* Other rectifying processes must be conducted in conformity with this part. District supervisors will inform themselves fully regarding each process of rectification employed by rectifiers in their districts and will see that such is in conformity with this part and that the proper tax is paid in each case. Where the district supervisor is in doubt as to any rectifying process or as to the incurrence of rectification tax, he will submit the matter to the Commissioner.

SUBPART Z—TIME FOR COMPLETION OF RECTIFICATION

§ 190.530 *General limitation.* The rectifying process must be completed within 10 days from the date of the dumping of the spirits for rectification, unless a longer period is authorized by the Commissioner as provided by this subpart.

§ 190.531 *Application required for extension.* Where the rectifier desires to employ a process of rectification which will extend over more than 10 days, thus necessitating the holding of the spirits in the rectifying room for such longer period, application, in quadruplicate, for approval of such extended process must be incorporated in the Form 27-B Supplemental, and filed with the district supervisor as provided in § 190.360. The rectifier must set forth fully on such form, following the statement of process, the reason why the period of time specified for completion of the process is necessary.

§ 190.532 *Inquiry by district supervisor.* Upon receipt of a Form 27-B Supplemental requesting approval of a process requiring more than 10 days for completion, the district supervisor will make such inquiry as he may deem proper to determine the necessity for the extended period, and whether approval thereof will jeopardize the revenue. He will then forward all copies of the Form 27-B Supplemental to the Commissioner along with his findings and recommendation. The Form 27-B Supplemental will be disposed of in the manner prescribed by § 190.365.

§ 190.533 *Processes which may require extension.* Processes involving the steeping or macerating of fruits or herbs in spirits for flavoring may require more than 10 days for completion. The retention in the rectifying room of rectified spirits, such as blended whiskies, cordials, etc., for a reasonable period to permit "settling" or "marrying" may be authorized. Tax-exempt products, such as distilled gin, or blended 4-year-old straight whiskies, or blended 2-year-old pure fruit brandies, so held must be kept in closed tanks under Government lock.

SUBPART AA—COMMODITY TAXES ON RECTIFIED SPIRITS AND PRODUCTS

§ 190.545 *Rectification tax.* Section 2800 (a) (5), I. R. C., imposes a tax of

30 cents on each proof gallon, and a proportionate tax at a like rate on all fractional parts of a proof gallon, on all distilled spirits and wines rectified, purified, or refined, in such manner, and on all mixtures produced in such manner, that the person so rectifying, purifying, refining, or mixing the same is a rectifier. (See Subpart C of this part.)

(53 Stat. 298, as amended; 26 U. S. C. 2800)

§ 190.546 *Exemption from rectification tax.* The tax of 30 cents per proof gallon does not attach to gin produced by the redistillation of a pure spirit over juniper berries and other aromatics; to the mixing and blending of wines, where such blending is for the sole purpose of perfecting such wines according to recognized commercial standards; to cordials or liqueurs on which a tax is imposed by section 3030 (a), I. R. C.; nor to blends made exclusively of two or more pure straight whiskies aged in wood for a period of not less than four years and without the addition of coloring or flavoring matter or any other substance than pure water, and if not reduced below 90 proof; nor to blends made exclusively of two or more pure fruit brandies distilled from the same kind of fruit, aged in wood for a period not less than two years and without the addition of coloring or flavoring matter or any other substance than pure water, and if not reduced below 90 proof: *Provided*, That such blended whiskies and blended fruit brandies are compounded under the immediate supervision of a revenue officer in such tanks and under such conditions and supervision as provided in Subpart Y of this part.

(53 Stat. 298, as amended; 300, as amended; 26 U. S. C. 2800, 2801)

§ 190.547 *Vermouth.* Vermouth made at a rectifying plant, which is subject to the rectification tax of 30 cents per proof gallon imposed by section 2800 (a) (5), I. R. C., is in addition thereto subject to the tax imposed upon vermouth by section 3030 (a) (1), as amended by section 1650, I. R. C., which tax is as follows:

(a) On vermouth containing not more than 14 per centum of absolute alcohol, 15 cents per wine gallon, the per centum of alcohol to be reckoned by volume and not by weight;

(b) On vermouth containing more than 14 per centum and not exceeding 21 per centum of absolute alcohol, 60 cents per wine gallon;

(c) On vermouth containing more than 21 per centum and not exceeding 24 per centum of absolute alcohol, \$2.00 per wine gallon;

(d) All vermouth containing more than 24 per centum of absolute alcohol by volume (except vermouth containing tax-paid sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, prune wine, plum wine, pear wine, pawpaw wine, papaya wine, pineapple wine, cantaloup wine, or apple wine, fortified, respectively, with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, prune brandy, plum brandy, pear brandy, pawpaw brandy, papaya brandy, pineapple brandy, cantaloup brandy, or apple brandy) shall be

classed as distilled spirits and shall be taxed accordingly.

(54 Stat. 522, as amended; 53 Stat. 298, as amended; 347, as amended; 26 U. S. C. 1650, 2800, 3030)

§ 190.548 *Liqueurs, cordials, etc., taxable under section 3030 (a) (2), I. R. C.* Section 3030 (a) (2), as amended by section 1650, I. R. C., imposes a tax on certain products of rectification, as follows: On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, prune wine, plum wine, pear wine, pawpaw wine, papaya wine, pineapple wine, cantaloup wine, or apple wine, fortified, respectively, with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, prune brandy, plum brandy, pear brandy, pawpaw brandy, papaya brandy, pineapple brandy, cantaloup brandy, or apple brandy, ten cents on each one-half pint or fraction thereof. Liqueurs, cordials, and similar compounds on which a tax is imposed and paid under section 3030 (a) (2), as amended by section 1650, I. R. C., are exempt from the 30-cent rectification tax. By "liqueurs, cordials, or similar compounds" is meant those products that contain not less than 2½ percent by weight of sweetening material and possess the taste, aroma, and characteristics generally attributed to liqueurs and cordials.

(54 Stat. 522, as amended; 53 Stat. 347, as amended; 26 U. S. C. 1650, 3030)

§ 190.549 *Liqueurs, cordials, etc., taxable under section 2800 (a) (5), I. R. C.* Liqueurs, cordials, and similar compounds prepared with distilled spirits or with wines which are not fortified with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, prune brandy, plum brandy, pear brandy, pawpaw brandy, papaya brandy, pineapple brandy, cantaloup brandy, or apple brandy, or which are prepared with distilled spirits and such wines, are subject to the rectification tax of 30 cents per proof gallon imposed by section 2800 (a) (5), I. R. C., but are not taxable under section 3030 (a) (2), I. R. C.

(53 Stat. 298, as amended; 347, as amended; 26 U. S. C. 1650, 3030)

§ 190.550 *Carbonated and sparkling wines.* The carbonating of tax-paid wines, either by secondary fermentation of the wine within the bottle or container or by charging the wine artificially with carbon dioxide, must be done at a rectifying plant. The carbonated wine is subject to the rectification tax of 30 cents per proof gallon, and, in addition thereto, the tax imposed by section 3030 (a) (2), as amended by section 1650, I. R. C., upon sparkling wine, or artificially carbonated wine, as the case may be, must be paid. This tax is as follows:

(a) On each bottle or other container of champagne or sparkling wine, 15 cents on each one-half pint or fraction thereof;

(b) On each bottle or other container of artificially carbonated wine, 10 cents on each one-half pint or fraction thereof;

(c) Any of the foregoing articles containing more than 24 per centum of absolute alcohol by volume shall be classed as distilled spirits and shall be taxed accordingly.

(54 Stat. 522, as amended, 347, as amended; 26 U. S. C. 1650, 3030)

§ 190.551 Gin. Gin produced by a rectifier is exempt from the rectification tax of 30 cents per proof gallon only if produced by the redistillation of a pure spirit over juniper berries and other aromatics. If gin is otherwise produced or compounded, a rectification tax of 30 cents per proof gallon must be paid thereon. (See Subpart Y of this part.)

(53 Stat. 298, as amended; 26 U. S. C. 2800)

§ 190.552 Blended wines. Any blending of tax-paid wines by rectifiers, except the blending of domestic tax-paid wines for the sole purpose of perfecting such wines according to recognized commercial standards, subjects the resultant product to the 30-cent rectification tax. Where the taxable class of wine is increased by blending wines with each other, additional wine tax due on the blended wines must be paid, regardless of whether or not the 30-cent rectification tax is incurred by such blending. This additional wine tax represents the difference between the wine tax due on the blended wine under its new classification and the tax previously paid on the wines used for such blending. Section 3030 (a) (1), as amended by section 1650, I. R. C., imposes a tax upon all still wines, and all artificial or imitation wines or compounds sold as still wine, at the following rates:

(a) On wines containing not more than 14 per centum of absolute alcohol, 15 cents per wine gallon, the per centum of alcohol to be reckoned by volume and not by weight;

(b) On wines containing more than 14 per centum and not exceeding 21 per centum of absolute alcohol, 60 cents per wine gallon;

(c) On wines containing more than 21 per centum and not exceeding 24 per centum of absolute alcohol, \$2.00 per wine gallon;

(d) All such wines containing more than 24 per centum of absolute alcohol by volume shall be classed as distilled spirits and shall be taxed accordingly.

(54 Stat. 522, as amended, 347, as amended; 26 U. S. C. 1650, 3030)

§ 190.553 Compounded wines. Except as provided in § 190.548, any rectifying, mixing, or compounding of tax-paid wine with tax-paid distilled spirits subjects the resultant product to the 30-cent rectification tax; and where the taxable class of wine is increased by the addition of distilled spirits thereto, additional tax due on the wine under its new classification must be paid as well as the rectification tax. (See Subpart Y of this part.)

(53 Stat. 298, as amended, 347, as amended; 26 U. S. C. 2800, 3030)

§ 190.554 Increase in volume of wine. Where the volume of wine is increased by the addition of sugar or a sugar solution or other material thereto, wine tax must be paid on the additional gallonage, plus the rectification tax on the entire quantity. (See Subpart Y of this part.)

(53 Stat. 298, as amended, 347, as amended; 26 U. S. C. 2800, 3030)

§ 190.555 Distinct products. Where the rectifying, mixing, compounding, or blending of wine results in the manufacture of a distinct product, such as vermouth or sparkling wine, the tax imposed upon such product must, as provided in §§ 190.547 and 190.550, be paid in addition to the rectification tax. (See Subpart Y of this part.)

(53 Stat. 298, as amended, 347, as amended; 26 U. S. C. 2800, 3030)

SUBPART BB—GAUGE, RETURN, AND TAX-PAYMENT OF RECTIFIED SPIRITS

GAUGE OF RECTIFIED SPIRITS

§ 190.565 Transfer to packages or bottling tank. Rectified spirits will, upon completion of the process of rectification, be transferred to packages of a capacity of more than 1 wine gallon and not exceeding 130 proof gallons, or to a bottling tank, and gauged therein, except as provided in §§ 190.116, 190.120, 190.575 and 190.620.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.566 Adjustment of proof. The proof of rectified spirits shall be adjusted to a whole degree of proof in accordance with the provisions of the Gauging Manual (26 CFR, Part 186) preparatory to filling barrels or bottles. Adjusting the proof to tenths of a degree, either above or below the whole or complete degree, will not be permitted: *Provided*, That when spirits are being prepared for bottling and are to be bottled and labeled in tenths of a degree of proof, such as 86.4, the proof of the spirits shall be adjusted to such tenths of a degree of proof. The proof in each instance shall be verified as to accuracy by the Government officer.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.567 Filling of packages. When filling packages of rectified spirits, the rectifier will determine the weight (tare) of the empty package immediately preceding the filling of the same. When the package has been filled, the gross weight will be ascertained and the net weight determined by subtracting the tare from the gross weight. The rectifier will mark such data on the packages in accordance with § 190.797. The storekeeper-gauger shall verify the gross weight, tare, net weight, wine gallons, proof, and proof gallons marked on each package by comparison with Form 237, and shall satisfy himself as to the accuracy of the marks and brands, and stamps. All mechanical labor pertaining to the weighing and marking of packages shall be performed by the rectifier.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.568 Preparation of statement of composition. Where rectified spirits are

to be removed for bottling elsewhere, the rectifier shall prepare a statement of composition identifying the spirits and providing such information as will, in conjunction with the information shown on the packages, or on Form 237 covering pipe line transfer, permit verification of the label proposed to be used in bottling. The statement must include all pertinent information which is mandatory on the label for the particular product, for example, the presence or absence of flavoring material, artificial coloring, treatment with oak chips, quick-aging, etc. Such statement shall be signed by the rectifier and delivered to the storekeeper-gauger in charge, who, if he finds the spirits properly described, shall certify thereto by signing his name and title under the word "Verified." The statement shall be returned to the rectifier for forwarding to the purchaser of the spirits or to the proprietor of the premises where the spirits are to be bottled.

§ 190.569 Determining proof of unsweetened spirits. The proof of distilled spirits and rectified spirits to which saccharine or other solid matter has not been added will be determined by the use of a standard hydrometer set provided by the rectifier in accordance with Subpart R of this part. In connection with the use of such instruments, rectifiers must provide themselves with the official Gauging Manual (26 CFR Part 186) and follow closely instructions therein relative to the gauging of spirits.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.570 Determining proof of sweetened spirits, wines, etc. The alcoholic content of blended whiskies containing more than 0.6 gram or 600 milligrams of solids per 100 milliliters derived from blending materials such as sherry wine, prune juice, caramel, glycerine, etc., and of wines, cordials, liqueurs, and other rectified products containing saccharine or other solid matter will be determined by the use of an approved ebulliometer or a small laboratory still provided by the rectifier in accordance with Subpart R of this part. When using such instruments rectifiers must follow closely the instructions furnished therewith in order that accurate determinations may be made. Instructions relative to the use of small laboratory stills (or wine sets) and the following ebulliometers: Arnaldo-Sala (with shield), Braun, Juerst, Lefco, L'Ebulliometer Levesque (with shield), Malligand (with shield), Salleron-Dujardin, "TAG" (with shield), and E. B. Torino (with shield), are also set forth in Regulations 7 (26 CFR Part 178). The alcoholic content of blended spirits containing not more than 0.6 gram or 600 milligrams of solids per 100 milliliters derived from blending materials will be determined by the use of a standard hydrometer or a small still. If determined by a standard hydrometer an obscuration correction factor may be added to the apparent proof in order to obtain the true proof of the blended spirits. Experience has shown that 0.1 gram or 100 milligrams of solids per 100 milliliters will obscure the true proof 0.4 of 1° of proof. For example, if a blended whisky contains 0.25 gram or 250 milligrams of

solids per 100 milliliters and the apparent proof corrected to 60° Fahrenheit is found to be 89° proof by a standard hydrometer, a correction factor of 1° of proof (2.5 times 0.4) due to the solids may be added to the apparent proof, hence the true proof would be 90°. The solids in blended spirits due to blending materials will be determined by evaporating 25 milliliters of the blended spirits in a weighed dish on a steam bath and then heating for 30 minutes at the temperature of boiling water in a drying oven. The solids thus determined, multiplied by 4, will give the solids in 100 milliliters of blended spirits. The correction factor to be used then will be determined on the basis that every 100 milligrams of solids will obscure the proof 0.4 of 1° of proof.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.571 *Determining contents by weight.* Rectified spirits containing not more than 0.6 gram or 600 milligrams of saccharine or other solid matter per 100 milliliters which are transferred to portable packages or to a bottling tank mounted on scales may be gauged by weight in accordance with the Gauging Manual (26 CFR Part 186). To this end accurate scales must be provided. Government officers will frequently test, by means of the test weights provided in accordance with § 190.117, the accuracy of the scales used for weighing packages. Scales used for weighing spirits in lots of not over 500 gallons in bottling tanks will be tested from time to time under the supervision of the storekeeper-gauger by means of the test weights provided in accordance with § 190.117. Such scales will be tested by placing the prescribed test weights upon the scales and checking the weight registered on the beam of the scales. The test weights will then be removed without disturbing the beam and the bottling tank filled with spirits or water to the same weight, whereupon the test weights will again be placed upon the scales, the spirits or water being retained in the tank, and the weight registered on the beam checked. This operation will then be continued until the scales have been checked in 500-pound notches at all weights for which the scales are used. Rectifiers will have scales used for weighing spirits in larger lots tested and their accuracy certified by State, county, or city departments of weights and measures at intervals of not more than six months. The storekeeper-gauger will not permit the use of any scales not so tested or which upon testing are found to be inaccurate.

§ 190.572 *Determining contents by measure.* Rectified spirits transferred to a bottling tank not mounted on scales, and spirits, wines, cordials, liqueurs, and other rectified products containing saccharine and other solid matter will be gauged by measure to determine the wine-gallon content, corrected to volume in accordance with the provisions of the Gauging Manual (26 CFR Part 186); the proof-gallon content will then be determined by multiplying the wine-gallon content by the proof (pointed off in two decimal places) of the spirits. If the spirits, wines, cordials, liqueurs, and

other rectified products containing saccharine or other solid matter are transferred to packages, the capacity of each package must be ascertained before the liquors are placed therein, or the quantity to be placed in each package must first be ascertained by actual measure in another vessel provided for that purpose: *Provided, however,* That the quantity in wine gallons of any liquor placed in packages may be determined by weight if the specific gravity of the liquor is ascertained and used in calculating the volume.

§ 190.573 *Accuracy required.* The proof of spirits, wines, or other liquors transferred to packages or bottling tanks at rectifying plants, and the wine-gallon and proof-gallon contents of the containers must be accurately determined by the rectifier. Where the actual proof of the contents of a container is found upon test to differ from the proof marked on the container, or where a package is found to contain a larger number of proof or wine gallons than is shown by the markings thereon, the container or package is liable to detention or seizure and forfeiture. When rectified spirits and products are gauged for tax-payment, the Government officer will verify the proof or alcoholic content and the quantity on which the tax is to be paid. Since the amount of tax to be paid on the spirits is determined by the proof-gallon content thereof, the officer should use care in verifying the proof, the weight or measure, and the wine-gallon and proof-gallon contents.

(53 Stat. 304, 329; 26 U. S. C. 2804, 2861)

§ 190.574 *Preparation of Form 237.* A separate Form 237 will be prepared by the rectifier covering the gauge of each lot of packages or each tank filled with rectified spirits or products as provided in § 190.565. All of the information called for on Form 237, as indicated by the headings of the various columns and lines on the form, and the instructions printed thereon or issued in respect thereto, and as required by this Part, will be given. Each Form 237 will be given a serial number beginning with 1 for the 1st day of January of each year and running consecutively thereafter to December 31.

RETURN OF SPECIAL PRODUCTS

§ 190.575 *Exemption from processing or bottling requirements.* Where by reason of unusual processes employed in the rectification and bottling of special products, such as sparkling wines, rock and rye, gin ricky, etc., it is impracticable to manufacture the products in processing tanks equipped with glass gauges or other measuring devices, or to bottle the same from bottling tanks so equipped, the Commissioner may exempt the rectifier from such processing and bottling requirements.

§ 190.576 *Application.* Rectifiers desiring to manufacture or bottle such special products under exemption from the regular processing or bottling requirements must file application for such exemption, in triplicate, with the district supervisor, setting forth in detail with respect to each such product the process

of manufacture or bottling to be employed, and the necessity therefor.

§ 190.577 *Action on application.* Upon receipt of the application, the district supervisor will make appropriate inquiry and will then forward all copies of the application to the Commissioner, with his findings and recommendation. The Commissioner will indicate his approval or disapproval on all copies of the application and will return two copies to the district supervisor, who will retain one copy and forward the other copy to the applicant.

§ 190.578 *Form 237, modified.* In any case in which such exemption is granted and it is impracticable to gauge the spirits and pay the tax prior to bottling in the usual manner, the tax shall be computed and paid on the contents of the bottles. When so bottled prior to tax-payment, Form 237, modified to fit the circumstances, will be prepared for each lot of such bottled special products upon completion of the bottling, except that where manufacture is completed after bottling, as in the case of champagne, Form 237 will be prepared upon completion of manufacture.

PAYMENT OF RECTIFICATION TAX

§ 190.579 *Form 237.* Where rectified spirits are subject to the rectification tax of 30 cents per proof gallon and are to be tax-paid in packages, Form 237 will be prepared in triplicate. Where rectified spirits are subject to the rectification tax of 30 cents per proof gallon and are to be tax-paid in a tank, Form 237 will be prepared in duplicate, except that an extra copy will be made where the transfer of spirits by pipe line to a contiguous tax-paid bottling house or rectifying plant is authorized, as provided in Subpart DD of this part. In computing the rectification tax, all fractional parts of a proof gallon less than five-hundredths shall be dropped, and fractional parts of five-hundredths or more shall increase the fractional part to the next tenth.

§ 190.580 *Inspection and approval by officer.* All copies of Form 237 will be submitted by the rectifier to the Government officer assigned to the rectifying plant, who will then inspect the rectified spirits. If, after inspection of the rectified spirits and verification of the entries on Form 237, the officer finds the details are correctly given on the form, and that the Form 237 covers lawful tax-paid spirits, he will, after ascertaining from the approved formula the rate of tax applicable, note his approval on each copy of the form and the tax rate to which the spirits are subject. He will then return all copies of the Form 237 to the rectifier.

§ 190.581 *Remittance of tax for packages.* Except as provided in § 190.584, for the tax-payment of spirits and wines in packages filled especially for export with benefit of drawback, if the rectified spirits are to be tax-paid in packages, the rectifier shall, upon receipt of Form 237, duly approved, forward all copies to the collector with remittance for the tax due on the spirits. The remittance shall be in the form set forth in § 190.717.

TAXABLE PRODUCTS IN PACKAGES

§ 190.582 Spirits. If Form 237 covers spirits (not including wines) in packages (barrels, kegs, or other containers holding more than 1 wine gallon and not exceeding 130 proof gallons each), the collector will issue a Class B rectified spirits stamp, with proper coupons attached, for each package and will enter the serial numbers of the stamps in the proper column on all copies of Form 237, opposite the package for which the stamp is issued. The collector will retain one copy of Form 237 as his authority for issuing the stamps, and will return the other two copies to the rectifier with the stamps. The rectifier will immediately affix the stamps to the packages and cancel the same and mark the packages, as required by Subparts GG and II of this part. The Government officer will see that the proper tax-paid stamp is securely affixed to each package and canceled and that the package is properly marked. When the packages have been properly stamped and marked, the rectifier will immediately remove them to the finished products room, and mark on each copy of Form 237 the date of such removal, and sign each copy of Form 237 and submit them to the Government officer, who will, after proper verification, sign and date the verification in the space provided therefor and return both copies to the rectifier. The rectifier will immediately forward the original of the form to the district supervisor and will retain the copy on file at the plant available for inspection by Government officers.

(53 Stat. 329; 26 U. S. C. 2861, 2862)

§ 190.583 Wines. If Form 237 covers wines, the collector will execute the collector's certificate of tax-payment on each copy of Form 237, retain one copy for his files, and return the other two copies to the rectifier, who will immediately stencil the words "Rectification Tax Paid" on each package, mark the packages as required by Subpart II of this part, and remove them to the finished products room. Form 237 will be completed and disposed of in accordance with § 190.582.

§ 190.584 Spirits packaged especially for export with benefit of drawback. If Form 237 covers spirits, wines, cordials, or liqueurs drawn into barrels, casks, drums, or other approved containers, containing not less than 5 wine gallons, especially for export with benefit of drawback, the rectifier shall, upon receipt of Form 237, duly approved, cancel the necessary stamps in the exact amount of the tax due in the manner provided by § 190.718. He shall then attach the stamps to Form 237 and return all copies to the Government officer. The Government officer shall complete the cancellation of the stamps as provided by § 190.718 and shall execute the certificate on Form 237 evidencing the receipt and cancellation of stamps for the amount of taxes due. He shall then return all copies of the Form 237 and the canceled stamps to the rectifier who shall stencil the words "Rectification Tax Paid" on each pack-

age, remove the packages to the export storage room, attach the canceled stamps to the original of the Form 237 by means of staple, eyelet or similar device and immediately forward the original and the additional copy of the Form 237 to the district supervisor.

TAXABLE PRODUCTS TO BE BOTTLED

§ 190.585 Tax-payment. If Form 237 covers spirits in a bottling tank to be bottled, or wines, cordials, or liqueurs to be bottled in the wine bottling room from the processing receptacle in which compounded, the rectifier will, upon receipt of Form 237, duly approved, cancel the necessary stamps in the exact amount of the tax due in the manner provided by § 190.718. He will then attach the stamps to Form 237 and return all copies to the Government officer. The Government officer will complete the cancellation of the stamps as provided by § 190.718 and will execute the certificate on Form 237 evidencing the receipt and cancellation of stamps for the amount of taxes due. He will then return all copies of Form 237 and the canceled stamps to the rectifier, who will attach the canceled stamps to the original of Form 237 by means of a staple, eyelet, or similar device, and attach one copy of the form to the board provided therefor on the bottling tank, or to the door of the wine bottling room, as the case may be. The spirits will be bottled in accordance with the procedure prescribed in Subpart CC of this part.

§ 190.586 Disposition of Form 237 and stamps. Upon the completion of the bottling, the rectifier will execute the certificate of cases filled on all copies of Form 237, sign each copy and submit same to the Government officer, who will, after proper verification, sign and date the verification in the space provided therefor. The bottling tank or wine bottling room copy of the form will be retained in the rectifying plant available for inspection by Government officers. The rectifier will immediately forward the completed original and stamps to the district supervisor.

TAXABLE SPIRITS TO BE TRANSFERRED BY PIPE LINE TO CONTIGUOUS TAX-PAID BOTTLING HOUSE OR RECTIFYING PLANT

§ 190.587 Certificate of tax-payment. If Form 237 covers spirits to be transferred by pipe line to a contiguous tax-paid bottling house or rectifying plant, the procedure for taxpaying the spirits will be the same as where the spirits are to be bottled from a bottling tank. The extra copy of the form specified by § 190.579 will be attached after completion to Form 230 on the bottling tank in the contiguous tax-paid bottling house or rectifying plant, as evidence that the proper tax on the spirits therein has been paid. The spirits will be transferred in accordance with the procedure prescribed in Subpart DD of this part.

§ 190.588 Disposition of Form 237. Upon completion of the transfer of rectified spirits to the tax-paid bottling house or rectifying plant, there shall be entered on all copies of Form 237 a statement that the spirits described on such form have been transferred by pipe line

to bottling tank No. -- in the contiguous tax-paid bottling house or rectifying plant operated by ----- together with the date of such transfer and the serial number of the Form 230, prepared by the receiving proprietor, to which the extra copy of Form 237, prepared by the rectifier, is to be attached. After execution of such statement, the rectifier will submit all copies of the form to the Government officer, who will, after proper verification, sign and date the verification in the space provided therefor. The rectifier will retain his copy of Form 237 at the rectifying plant, available for inspection by Government officers, will immediately furnish a copy of Form 237 to the proprietor of the tax-paid bottling house or rectifying plant to which the spirits are transferred, and will immediately forward the original copy of Form 237 with the canceled stamps to the district supervisor.

TAXABLE SPECIAL PRODUCTS

§ 190.589 Certificate of tax-payment. Where the Commissioner has exempted the rectifier from the usual processing and bottling requirements in connection with the manufacture of champagne or other sparkling wines, artificially carbonated wines, or other special products, as provided in § 190.575, and it is impracticable to gauge the spirits and pay the tax prior to bottling in the usual manner, the 30-cent rectification tax will be paid upon completion of the bottling or, if the bottling is only a step in manufacture, upon completion of the manufacture. The rectifier will prepare Form 237, in duplicate, modified to fit the circumstances, and the same procedure will be followed in paying the tax as that prescribed in the case of products to be bottled from bottling tanks. Upon receipt of Form 237 from the Government officer with his certificate of tax-payment executed, and upon payment of the tax due (if any) under section 3030 (a), I. R. C., as provided in § 190.598, the products will be removed to the finished products room.

§ 190.590 Disposition of Form 237. Upon removal of the product to the finished products room, the rectifier will enter on each copy of Form 237 a statement that the product described on the form has been tax-paid and removed to the finished products room. The rectifier will sign each copy of Form 237 and submit same to the Government officer, who will, after proper verification, sign and date the verification in the space provided therefor, and return both copies to the rectifier. The rectifier will immediately forward the original copy of Form 237 with the canceled stamps to the district supervisor and retain one copy on file at the plant, available for inspection by Government officers.

PARTIALLY RECTIFIED, TAXABLE PRODUCTS

§ 190.591 Determination of tax liability. Where the rectifier desires to remove partially rectified, taxable products, the taxes due thereon must be paid prior to removal of the products from the rectifying room, in the same manner as completely rectified products are tax-paid. If the partially rectified products

are such as are subject to tax under section 3030 (a), I. R. C., in lieu of or in addition to the rectification tax, the rectifier must append to each copy of Form 237 a precise statement as to the extent to which the products have been rectified and as to their present character, in order that the taxes due thereon may be determined. Products subject to tax under section 3030 (a), I. R. C., in lieu of the rectification tax will be so tax-paid, unless the process of manufacture has not been sufficiently completed to bring them within the classification of such articles, in which event the products will be subject to the rectification tax. If the products are such as to be subject to both the rectification tax and tax under section 3030 (a), I. R. C., both such taxes must be paid, unless the process of manufacture has not been sufficiently completed to bring them within the classification of such articles, in which event they will be subject to the rectification tax only. The Government officer will verify the extent of rectification and the present character of the partially rectified products and will forward the Forms 237 with his report to the district supervisor. If the district supervisor is in doubt as to the amount of tax due on the products, he will submit the matter to the Commissioner for a ruling.

§ 190.592 *Stamping and marking packages.* Where partially rectified products, subject to the rectification tax, are transferred to packages for removal, the rectification tax due thereon will be paid pursuant to Form 237, and class B rectified spirits stamps will be issued for and affixed to the packages of spirits and the words "Rectification Tax Paid" will be stenciled on packages of wine, in accordance with the procedure prescribed in this subpart in the case of the tax-payment of completely rectified spirits and wines in packages. If the products are not subject to rectification tax, class A rectified spirits stamps will be issued for and affixed to the packages of spirits and the words "Rectification Tax Exempt" will be stenciled on packages of wine. If the products are subject to tax under section 3030 (a), I. R. C., wine stamps will be affixed to the packages. The packages will be marked as provided in Subpart II of this part, and, if shipped to another rectifier for further rectification, there will be securely affixed to the Government head of each package a label showing that the product is partially rectified, the formula under which the product was partially rectified, and the extent to which the product has been treated.

(53 Stat. 329; 26 U. S. C. 2861, 2862)

§ 190.593 *Transfer to another rectifier.* Where partially rectified, taxable products are transferred to another rectifying plant, after tax-payment in accordance with § 190.591, they will, upon receipt at the receiving plant, be placed in the receiving room of such plant and dumped for further rectification or for bottling, pursuant to approved Forms 122 or Forms 230, as the case may be. Where the products are subjected to

any further rectifying treatment or process at the receiving plant, additional rectification tax must be paid thereon: *Provided, however,* That where the product manufactured by the additional rectifying process is subject to tax under section 3030 (a), I. R. C., in lieu of the rectification tax, and the tax levied by such section was not paid on the product at the time of removal from the first rectifying plant, tax will be paid under such section in lieu of the rectification tax. If tax was paid on the products under section 3030 (a), I. R. C., either in lieu of or in addition to the rectification tax, at the time of partial rectification and the products are subjected to further rectification at the receiving plant, a second rectification tax must be paid thereon.

§ 190.594 *Transfer to successor.* Where the rectifier desires to transfer partially rectified products to a successor at the same premises, the procedure prescribed in Subpart OO of this part will be followed.

PRODUCTS EXEMPT FROM RECTIFICATION TAX

§ 190.595 *Spirits and wines in packages.* Where the rectified spirits or products (not including wines) are not subject to the 30-cent rectification tax and are filled into packages, Form 237 will be prepared in triplicate and the same procedure will be followed as in the case of such spirits or products subject to the rectification tax, except that the officer approving the form will, if the spirits or products are exempt from tax, make the notation "No tax due" on each copy, the rectifier will send no remittance to the collector when submitting the approved forms to him, and the collector will issue no-value class A rectified spirits stamps for the packages. The same procedure will be applicable where the rectifier desires to remove tax-free blended wines in packages, except that Form 237 will be prepared in duplicate and in lieu of forwarding such form to the collector for the issuance of no-value class A stamps, the rectifier will stencil the words "Rectification Tax Exempt" on each package.

(53 Stat. 329; 26 U. S. C. 2861, 2862)

§ 190.596 *Approval of bottling tax-exempt products.* Where rectified spirits or products are not subject to the 30-cent rectification tax and are transferred directly to a bottling tank for bottling or to the wine bottling room for bottling from the processing receptacle in which compounded, as provided in Subpart CC of this part, Form 237 will be prepared in duplicate, and the same procedure will be followed as in the case of bottling of spirits or products subject to the rectification tax, except that the officer approving the form will, if the spirits or products are exempt from tax, make the notation "No tax due" on each copy, and none of the forms will be sent to the collector.

§ 190.597 *Approval of pipe line transfer of tax-exempt products.* Where rectified spirits or products are not subject to the 30-cent rectification tax and are transferred directly to a tank for conveyance by pipe line to a contiguous

tax-paid bottling house or rectifying plant for bottling, Form 237 will be prepared in triplicate and the same procedure will be followed as in the case of the transfer by pipe line to a contiguous tax-paid bottling house or rectifying plant of products subject to the rectification tax, except that the officer approving the form will, if the products are exempt from tax, make the notation "No tax due" on each copy, and none of the forms will be sent to the collector.

PAYMENT OF TAX UNDER SECTION 3030 (a), I. R. C.

§ 190.598 *Time of payment.* Where rectified products subject to tax under section 3030 (a), I. R. C., in lieu of, or in addition to, the 30-cent rectification tax are manufactured, the taxes due under section 3030 (a), I. R. C., will be paid as provided in § 190.599. The 30-cent rectification tax, if due, will be paid in accordance with the procedure prescribed in §§ 190.579-190.584.

§ 190.599 *Payable by use of wine stamps.* Wine stamps will be used for the payment of taxes due under section 3030 (a), I. R. C., and for the payment of any additional wine tax due by reason of a change in the taxable grade of wine, or by an increase in the volume of wine, as provided in this part. Such stamps will be canceled and attached to the original copy of Form 237 in the manner provided in § 190.585.

(53 Stat. 347, as amended; 26 U. S. C. 3030)

SUBPART CC—BOTTLING OF RECTIFIED SPIRITS AND PRODUCTS

§ 190.615 *Bottling tank to be used.* Except as provided in §§ 190.120, 190.575 and 190.620, all rectified spirits or products to be bottled will be transferred to an approved bottling tank and an accurate gauge thereof made and reported on Form 237, as provided in Subpart BB of this part. Rectified spirits and products may be bottled only after approval of Form 237 by the Government officer assigned to the rectifying plant, and, if the spirits and products are subject to the rectification tax, upon payment of such tax as provided by §§ 190.585-190.598.

§ 190.616 *Request to open inlet of bottling tank.* When a rectifier desires to transfer spirits to a bottling tank, and the inlet thereof is locked, he will request the Government officer to unlock the inlet of the tank to permit the transfer of the spirits thereto. Where a Government officer is not assigned to continuous duty at the rectifying plant, and is not available, the rectifier will request the district supervisor to detail an officer to the duty.

§ 190.617 *Transfer of spirits to bottling tank.* At the time of unlocking the inlet of the bottling tank, the Government officer will lock the outlet thereto, which must remain locked until the spirits have been transferred to the bottling tank, the inlet locked, the quantity of spirits in the bottling tank determined, Form 237 prepared and approved, and the rectification tax and tax due under section 3030 (a), I. R. C., if any, paid in accordance with the pro-

cedure prescribed in Subpart BB of this part.

(53 Stat. 347, as amended; 26 U. S. C. 3030)

§ 190.618 Release of spirits from tank. Upon presentation by the rectifier of Form 237 in the case of spirits subject to rectification tax, and upon conformance with the tax-payment procedure prescribed by § 190.585, the Government officer will unlock the outlet of the tank and permit the spirits to be bottled. If Form 237 covers spirits exempt from rectification tax, the Government officer will, upon presentation of the form to him, determine if the form agrees with the contents of the bottling tank, and, if it so agrees, he will execute his certificate and the approval statement on the form, lock the inlet and unlock the outlet of the tank and allow the spirits to be bottled. The inlet of the bottling tank will remain locked, except as authorized in § 190.128, until all spirits within the tank have been bottled and the outlet has been locked. Form 237 will then be completed and disposed of as provided in § 190.586.

§ 190.619 Filling tank in officer's absence. Where a Government officer, who is not assigned to continuous duty at the rectifying plant, is present thereat after the bottling of a lot of spirits has been completed, he will lock the outlet and unlock the inlet of the bottling tank. When such is done, the tank may be filled in the absence of the Government officer, Form 237 prepared, and, upon approval thereof, the tax due, if any, paid as prescribed in §§ 190.585 and 190.598.

§ 190.620 Bottling from processing receptacle. Where authorized by the district supervisor, wines and certain cordials and liqueurs that require bottling from the processing receptacle in which compounded may be so bottled in the wine bottling room, provided for the purpose in accordance with § 190.98. A rectifier desiring to so bottle such liquors must request approval of the district supervisor in writing, describing the liquors and showing the necessity for bottling same from the processing receptacle. The district supervisor will authorize the bottling from processing receptacles of only those wines, cordials and liqueurs which it is impracticable to bottle from the prescribed bottling tank.

§ 190.621 Transfer of products to wine bottling room. Where the rectifier desires to bottle from processing receptacles wines, cordials, or liqueurs authorized to be so bottled, such receptacles will be placed in the wine bottling room, an accurate gauge made of the contents, Form 237 prepared and approved, and the tax thereon paid, as provided in Subpart BB of this part. The wine bottling room will be locked by the Government officer with a Government lock pending payment of the rectification tax, if any, and bottling.

§ 190.622 Release of products from wine bottling room. Upon presentation by the rectifier of Form 237 in the case of products subject to the rectification tax, and upon conformance with the tax-

payment procedure prescribed by § 190.585, the Government officer will permit the products to be bottled. If the Form 237 covers products exempt from the rectification tax, and if the form agrees with the contents of the receptacles, the Government officer will execute his certificate and the approval statement on the form, and permit the products to be bottled. Form 237 will be completed and disposed of as provided in § 190.586.

§ 190.623 Separate Form 237 for each tank. A separate Form 237 must be prepared for each tank of spirits to be bottled, or to be transferred by pipe line to contiguous premises, and the same procedure will be followed for each tank.

§ 190.624 Separate bottling of taxable and tax exempt spirits. Spirits subject to tax, and spirits not subject to tax, may not be bottled at the same time in the rectifying plant, unless two or more complete and separate bottling units are provided and the products are kept completely separate and apart.

§ 190.625 Unauthorized bottling forbidden. Spirits may not be bottled from any vessel, tank, or receptacle other than a designated and approved bottling tank, except as otherwise provided in §§ 190.575 and 190.620; nor may spirits be bottled without notice to the Government officer assigned to the rectifying plant or the district supervisor, as required in this subpart.

(53 Stat. 374; 26 U. S. C. 3173)

§ 190.626 Completion of bottling. When the contents of a bottling tank are not completely bottled at the close of the day the rectifier shall enter on the copy of Form 237 attached to the bottling tank the total quantity bottled that day from such tank, giving all the information required by the form. The Form 237 shall be kept on the tank until the entire contents are bottled. Upon completion of the bottling the rectifier will remove Form 237 from the bottling tank and such form will then be completed and disposed of as provided in Subpart BB of this part.

§ 190.627 Remnants. Where, upon the completion of bottling, there remain bottles less than the number necessary to fill a case, which are not to be removed in accordance with the provisions of § 190.795, such bottles will, after being stamped and labeled in accordance with this part, be removed to the finished products room, where they will be used for filling orders for less than a full case of such spirits, or, when a sufficient number of such bottles have been accumulated, they may be placed in regular cases. Appropriate notation will be made on Form 237 and Form 45 to show the quantity removed to the finished products room as a remnant.

§ 190.628 Liquor bottles. The proprietor of a rectifying plant must comply with the provisions of Regulations 13 (26 CFR Part 175), respecting the use of liquor bottles and other containers for rectified and unrectified products. Marked liquor bottles may not be used for packaging wines containing 24 per-

cent or less of alcohol by volume, or products manufactured with such wines, unless such products contain distilled spirits other than those used in fortifying the wine. Bottles must be filled as nearly as possible to conform to the amount stated on the stamp, and on the label or bottle, to be contained therein, but in no event may the amount of spirits contained in any bottle due to the lack of uniformity of the bottles, vary more than 2 percent from the amount stated to be contained therein and, further, in such case there shall be substantially as many bottles overfilled as there are bottles underfilled for each lot of spirits bottled as reported on Form 230 or 237. (53 Stat. 331; 26 U. S. C. 2871)

§ 190.629 Red strip stamps. The proprietor of a rectifying plant must affix over the mouth of each bottle of distilled spirits and compounds containing distilled spirits bottled especially for export with benefit of drawback, a red strip stamp, as provided in Subpart GG of this part. Red strip stamps shall not be affixed to bottles of wines containing 24 per centum or less of alcohol by volume, or products manufactured with such wines, unless such products contain distilled spirits other than those used in fortifying the wine.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

§ 190.630 Labels for distilled spirits. The labels used by rectifiers on bottles of distilled spirits and compounds containing distilled spirits must be covered by a certificate of approval of labels of domestically bottled distilled spirits (Form 1649), or a certificate of exemption from label approval for distilled spirits (Form 1650), issued under Regulations 5 (27 CFR Part 5), issued under the Federal Alcohol Administration Act, as provided in Subpart HH of this part. Labels covered by a certificate of exemption from label approval affixed to bottles of a capacity of one-half pint or more but not exceeding 1 gallon, in which distilled spirits or compounds containing distilled spirits are packaged for sale at retail, must conform to the provisions of Regulations 13 (26 CFR Part 175).

(53 Stat. 331; 26 U. S. C. 2871)

§ 190.631 Labels for wines. The labels used by rectifiers on bottles or packages of wines must be covered by a certificate of approval of labels of wine domestically bottled or packed (Form 1649), or a certificate of exemption from label approval for wine (Form 1650), issued under Regulations 4 (27 CFR Part 4), issued under the Federal Alcohol Administration Act. Each bottle in which wine is packaged by a rectifier must bear a securely affixed label showing the name and address of the rectifier; the kind of wine; the alcoholic content by volume, except that if not over 14 percent it may be so stated; and the net contents of the bottle, unless legibly blown in the bottle. *Provided*, That where the wines are bottled for a dealer under a certificate of exemption from label approval, the name and address of such dealer may be substituted for the name and address of the rectifier, if the name and

address of the dealer are preceded by the words "Bottled for" or "Bottled expressly for" and the number of the rectifying permit of the rectifier is shown on the label. A separate label showing the data specified in the previous sentence need not be affixed to the bottle if such data is shown on the label covered by the certificate issued under the Federal Alcohol Administration Act regulations.

§ 190.632 *Removal to finished products room.* Upon completion of bottling, the filled bottles, with labels and red strip stamps (where required) properly affixed, must be placed in cases marked in accordance with Subpart II of this part, the filled cases then sealed and stamps representing tax (if any) due under section 3030 (a), I. R. C., attached thereto and canceled as provided in Subpart GG of this part, after which such cases must be immediately removed to the finished products room, except as provided in § 190.99: *Provided*, That the district supervisor may authorize the rectifier to remove to the finished products room, for storage therein pending the receipt of orders, affixing of brand labels or State stamps, or for other acceptable reasons, a reasonable number of unsealed cases of spirits in bottles bearing strip stamps (where required) and labels fully describing the contents, upon condition that the brand labels, if missing, will be affixed and the cases sealed before shipment.

SUBPART DD—TRANSFER OF SPIRITS BY PIPE LINE FROM RECTIFYING PLANT TO CONTIGUOUS TAX-PAID BOTTLING HOUSE OR RECTIFYING PLANT FOR BOTTLING

§ 190.650 *District supervisor may authorize.* The district supervisor may, in his discretion, authorize the installation of a pipe line for the transfer of spirits from bottling tanks and also from weighing and processing tanks conforming to the requirements of § 190.124, in the rectifying plant to bottling tanks in a contiguous tax-paid bottling house or rectifying plant for bottling.

§ 190.651 *Application.* A rectifier who desires to transfer spirits by pipe line to a contiguous tax-paid bottling house or rectifying plant for bottling, must file application, in triplicate, with the district supervisor, showing the relative position of the plants and the ownership thereof, and giving a description of the proposed pipe line and the reasons why it is desired to transfer spirits to the contiguous tax-paid bottling house or rectifying plant for bottling.

§ 190.652 *Action on application.* Upon receipt of the application, the district supervisor will make such inquiry as he may deem necessary to determine the propriety of granting the permission sought. He will then indicate his approval or disapproval on all copies of the application, and will return one copy to the applicant. Where the application is approved, the rectifier will, upon installation of the pipe line, file amended rectifier's notice on Form 27-B, and plans, as provided in § 190.274 in the case of major changes in equipment and an amended plat. The dis-

trict supervisor will take appropriate action, pursuant to Subpart O of this part, prior to use of the pipe line. If the application is disapproved, the district supervisor will return all copies of the application to the applicant with advice as to the reasons for disapproval.

§ 190.653 *Request for transfer of spirits.* Where the transfer of spirits by pipe line from the rectifying plant to bottling tanks in the contiguous tax-paid bottling house or rectifying plant is authorized, the rectifier will, whenever he desires to so transfer spirits, submit Form 237 or Form 230 to the Government officer and request him to unlock the valve in the pipe line and to supervise the transfer of the spirits. Where the spirits to be transferred are subject to tax, the officer will not permit the transfer thereof to the bottling tanks in the contiguous tax-paid bottling house or rectifying plant unless all tax due has been paid.

§ 190.654 *Transfer of spirits.* When spirits are to be so transferred, the Government officer will see whether the contents of the tank agree with the Form 237 or Form 230, and if found in agreement, and if all taxes due on the spirits have been paid, he will unlock the valve or valves in the pipe line controlling the flow of spirits to the bottling tanks in the contiguous tax-paid bottling house or rectifying plant and permit the rectifier to transfer the spirits under his supervision. Immediately the spirits have been transferred, the proprietor will close the pipe line valve or valves and the Government officer will apply the Government locks thereto. Form 237, prepared as required by this part, will be completed and disposed of as provided in §§ 190.588 and 190.597. Form 230, likewise prepared, will be completed and disposed of as provided in § 190.694.

SUBPART EE—RECTIFICATION AND BOTTLING OF DISTILLED SPIRITS AND WINES ESPECIALLY FOR EXPORT WITH BENEFIT OF DRAWBACK

§ 190.670 *General.* Under the law any distilled spirits and wines on which the internal revenue tax has been paid may be rectified and bottled or packaged especially for export at a rectifying plant or rectified at a rectifying plant for bottling or packaging especially for export by a qualified bottler or packer other than the rectifier, and unrectified domestic distilled spirits and wines on which the internal revenue tax has been paid may be bottled or packaged especially for export in a rectifying plant.

(53 Stat. 377, as amended; 26 U. S. C. 3179)

§ 190.671 *Extent of drawback allowance.* Upon the exportation of distilled spirits and wines so manufactured or produced and tax-paid in the United States and bottled or packaged especially for export, there may be allowed a drawback equal in amount to the tax found to have been paid thereon.

(53 Stat. 377, as amended; 26 U. S. C. 3179)

§ 190.672 *Procedure.* The rectification, bottling, and packaging of distilled spirits and wines especially for export,

the rectification of distilled spirits and wines to be bottled or packaged especially for export by a qualified bottler or packer other than the rectifier, the bottling and packaging of unrectified domestic distilled spirits and wines especially for export, the storage pending exportation of distilled spirits and wines bottled or packaged especially for export, the exportation of the spirits or wines, including the lading thereof on vessels for use as ship's supplies and on aircraft for use as aircraft's supplies, and the allowance of drawback thereon shall be in accordance with the provisions of Regulations 28 (26 CFR Part 176).

(53 Stat. 377, as amended; 26 U. S. C. 3179)

SUBPART FF—BOTTLING OF UNRECTIFIED SPIRITS AND WINES

§ 190.685 *Application, Form 230.* Proprietors of rectifying plants desiring to bottle tax-paid distilled spirits or wines without rectification will execute application on Form 230, in duplicate, or in triplicate if the spirits are to be transferred for bottling, giving all of the data called for by the form, as indicated by the headings of the various columns and lines on the form, and the instructions printed thereon or issued in respect thereto, and as required by this part. The rectifier will enter in the space provided thereon on Form 230 the details of the withdrawal gauge for tax-payment when packages of spirits are to be dumped for bottling, or when liqueurs or cordials are authorized to be bottled from the original package, or when spirits received in a tank car or by pipe line are conveyed directly into one bottling tank. When spirits received in a tank car or by pipe line are conveyed directly into more than one bottling tank, or where spirits are withdrawn from a storage tank and run either directly or through a dumping and reducing tank into one or more bottling tanks, the rectifier will enter on a separate Form 230 the details of gauge of each bottling tank giving all applicable information. Each Form 230 will be given a serial number beginning with "1" for the 1st day of January of each year and running consecutively thereafter to December 31, inclusive. A separate Form 230 must be prepared for each tank of spirits to be bottled or to be transferred by pipe line to contiguous premises and the same procedure will be followed for each tank.

(53 Stat. 300, as amended; 26 U. S. C. 2801)

§ 190.686 *Scalping stamps.* The rectifier will cut out with a sharp instrument that portion of the tax-paid stamp, rectified spirits stamp, customs stamp, or wholesale liquor dealer's stamp on each package of spirits to be bottled without rectification, which is required to be cut out at the time spirits are dumped for rectification, as provided in Subpart X of this part. The cut-out portions of the stamps will be securely attached to a slip of paper in such manner that the data thereon may be readily examined and such slip of paper bearing the cut-out portions of the stamps will be securely attached to the original Form 230.

§ 190.687 *Unstamped spirits.* Where the stamp on a package of spirits to be dumped for bottling without rectification has been lost or mutilated, so that the required portion thereof cannot be returned, or where spirits received in tank cars bearing certificate of tax-payment, Form 1520, or where spirits are received by pipe line from premises other than a rectifying plant, or where spirits in stamped bottles, or wines, are to be dumped for bottling without rectification, the same procedure will be followed as that prescribed in §§ 190.430-190.433 in the case of the dumping of spirits or wines from such containers for rectification. When spirits are received by pipe line from a rectifying plant, an explanatory statement will be made in the columns provided for the description of stamps on Form 230, as "see Form 230, Serial No. _____, dated _____."

§ 190.688 *Approval by officer.* All copies of Form 230 will be submitted to the Government officer assigned to the plant for approval, with a request to unlock and lock the stopcocks on the bottling tank. When packages of spirits are to be dumped for bottling, the proprietor will submit with Form 230 a copy of the withdrawal gauge for tax-payment (Form 1520), and the Government officer will examine the packages described on the form, the withdrawal gauge for tax-payment, and the cut-out portions of the tax-paid stamps, or the affidavit or statement in lieu thereof, attached to one copy of the form. When spirits are received by pipe line from contiguous premises (other than rectifying plants) and are conveyed directly into bottling tanks, the Government officer will compare the kind and quantity described on the form with the kind and quantity reported tax-paid on the withdrawal gauge for tax-payment (Form 703-A, 1440, or 1520, as the case may be). When spirits are received by pipe line from contiguous rectifying plants, and are conveyed directly into bottling tanks, the Government officer will compare the kind and quantity described on Form 230 with the kind and quantity reported transferred on Form 230, or Form 237, as the case may be, attached to a copy of Form 230 submitted by the rectifier. The serial number of the copy of Form 230, or Form 237, received from the rectifier, will be noted by the proprietor on both copies of Form 230 prepared by him. Where spirits to be bottled have been transferred from storage tanks to bottling tanks, the Government officer will compare the kind and quantity described in the application with the kind and quantity reported withdrawn on Form 703-A, 1440, or 1520, as the case may be, attached to the storage tank. If the Government officer finds that the spirits to be bottled have been lawfully tax-paid, and the forms are properly prepared, he will execute his certificate and the authorization for bottling and return all copies to the rectifier. Spirits may be bottled at a rectifying plant without rectification only after approval of Form 230 by the Government officer.

(53 Stat. 335, as amended; 26 U. S. C. 2883)

§ 190.689 *Transfer of packages of spirits to bottling tank.* Upon approval

of Form 230 by the storekeeper-gauger, as provided in § 190.688, the rectifier will, in the case of packages, dump the spirits and run them either directly or through a dumping and reducing tank into a bottling tank.

§ 190.690 *Bottling tank gauge.* The rectifier will make an actual gauge of the spirits in the bottling tank after they have been reduced to bottling proof, where such reduction is permissible, and before they are released by the Government officer for bottling. The proof of spirits shall be adjusted to a whole degree of proof preparatory to filling bottles. Adjusting the proof to tenths of a degree, either above or below the whole or complete degree, will not be permitted: *Provided*, That when spirits are being prepared for bottling and are to be bottled and labeled in tenths of a degree of proof, such as 86.4 the proof of the spirits shall be adjusted to such tenths of a degree of proof. The restoration to the original proof and volume of rectified spirits upon which the rectification tax has been paid, by the addition of water, preparatory to bottling, shall not be deemed a reduction in proof or an increase in volume within the meaning of section 2801 (b) of the Internal Revenue Code. The proof in each instance shall be verified as to accuracy by the Government officer. The details of such gauge (calculated or corrected to volume in accordance with the provisions of the Gauging Manual (26 CFR Part 185)) will be entered in the space provided therefor on all copies of Form 230, and one copy of the form will be attached to the bottling tank.

§ 190.691 *Bottling tank to be used.* All spirits bottled at a rectifying plant must be bottled from approved bottling tanks: *Provided*, That the district supervisor may authorize the bottling of wines and certain cordials and liqueurs that require bottling from the original package in the wine bottling room. A rectifier desiring to so bottle such liquors must request approval of the district supervisor in writing, describing the liquors and showing the necessity for bottling the same from the original package. The district supervisor will authorize the bottling from the original package of only those wines, cordials, and liqueurs which it is impracticable to bottle from an approved bottling tank.

§ 190.692 *Locking of bottling tank.* At the time of opening the inlet to the bottling tank, the Government officer will lock the outlet thereof, which must remain locked until the spirits have been transferred to the tank, the inlet locked and the quantity of spirits in the tank determined. The inlet of the bottling tank will remain locked (except as provided in § 190.128) until all spirits within the tank have been bottled and the outlet has been locked.

§ 190.693 *Transfer of products to wine bottling room.* Where the rectifier desires to bottle from the original package wines, cordials, or liqueurs authorized by the district supervisor to be so bottled, such packages will be placed in the wine bottling room and Form 230

will be prepared and submitted to the Government officer assigned to the rectifying plant for approval; but no bottling will be done until the packages have been inspected by an authorized Government officer and an actual gauge of the spirits has been made and the details of such gauge entered on Form 230. When wines, cordials, or liqueurs are to be bottled in the wine bottling room, the rectifier will attach one copy of the approved Form 230 to the door of such room.

§ 190.694 *Disposition of Form 230—Transfer.* Upon completion of the transfer of spirits to the tax-paid bottling house or rectifying plant, there shall be entered on all copies of Form 230 a statement that the spirits described on such form have been transferred by pipe line to Bottling Tank No. _____ in the contiguous tax-paid bottling house or rectifying plant operated by _____ together with the date of such transfer and the serial number of the Form 230, prepared by the receiving proprietor, to which the extra copy of Form 230, prepared by the rectifier, is to be attached. After execution of such statement, the rectifier will submit all copies of the form to the Government officer, who will, after proper verification, sign and date the verification in the space provided therefor. The rectifier will retain his bottling tank copy of Form 230 at the rectifying plant, available for inspection by Government officers, will immediately furnish a copy of Form 230 to the proprietor of the tax-paid bottling house or rectifying plant to which the spirits are transferred, and will immediately forward the original copy of Form 230, with the cut-out portions of the tax-paid stamps, or the statements, or affidavit and statement required in lieu thereof, to the district supervisor who will determine that such stamps, etc., are attached to the form.

§ 190.695 *Preparation of statement of composition.* Where spirits are to be removed for bottling elsewhere, the rectifier shall prepare a statement of composition identifying the spirits and providing such information as will, in conjunction with the information shown on the packages or on Form 230 covering pipe line transfer, permit verification of the label proposed to be used in bottling. The statement must include all pertinent information which is mandatory on the label for the particular product. Such statement shall be signed by the rectifier and delivered to the storekeeper-gauger in charge, who, if he finds the spirits properly described, shall certify thereto by signing his name and title under the word "Verified." The statement shall be returned to the rectifier for forwarding to the purchaser of the spirits or to the proprietor of the premises where the spirits are to be bottled.

§ 190.696 *Rinsing of barrels; destruction of stamps, marks, etc.* When packages of spirits are dumped for bottling without rectification the provisions of §§ 190.440, 190.442, 190.443, and 190.496, respecting the destruction of stamps and marks and brands, the rinsing of barrels and wood chips contained therein, and the disposition of wood chips, when pack-

ages of spirits are dumped for rectification, shall be applicable.

(53 Stat. 330; 26 U. S. C. 2866)

§ 190.697 *Mingling of different spirits prohibited.* Spirits of less than 190 degrees of proof which were produced from different materials, or by two or more distillers, or at two or more distilleries, or which differ in kind according to the standards of identity established under the Federal Alcohol Administration Act, or which are otherwise heterogeneous, may not be mingled in a dumping and reducing or bottling tank for convenience in bottling. Examples of spirits which are otherwise heterogeneous are spirits which have been quick-aged and spirits which have not been quick-aged, and spirits which have been stored in different kinds of cooperage. Such spirits of the same composition, produced at approximately the same proof by the same distiller at the same distillery, and differing in age (a) not more than 6 months in the case of spirits more than 2 years of age, (b) not more than 60 days in the case of spirits more than 1 year and not more than 2 years of age, or (c) not more than 30 days in the case of spirits one year of age, or less, and packaged in the same kind of cooperage will be presumed to be homogeneous, and may be mingled in a dumping and reducing or bottling tank for convenience in bottling. Where it is desired to mingle spirits falling within more than one of the age categories specified, the difference in age allowable shall be determined according to the age of the younger spirits. For example, if spirits not more than one year of age are mingled with spirits more than 1 year old, the spirits must not vary in age more than 30 days. Packages of blended or rectified spirits filled from the same blend or rectification, or from different blends or rectifications made with precisely the same spirits under the same formula, packaged in the same kind of cooperage, and stored under the same conditions, will likewise be presumed to be homogeneous, and may be dumped together for convenience in bottling. Spirits of 190 degrees of proof or more, distilled from the same class of materials (such as grain) will be presumed to be homogeneous and may be mingled in a dumping and reducing or bottling tank for convenience in bottling.

(53 Stat. 335, as amended, 391; 26 U. S. C. 2883, 3254; sec. 5, 49 Stat. 981, as amended; 27 U. S. C. 205)

§ 190.698 *Testing of spirits dumped together for bottling.* Whenever there is doubt as to whether the dumping together of the contents of two or more containers of spirits constitutes rectification, a sample of each component of the proposed mixture should be compared with a sample of the final mixture by chemical analysis and by taste, color, and other tests to ascertain whether the mixture is homogeneous with each of its component parts. The regular dumping together of spirits of different ages, or different blends or rectifications, at the time of bottling is indicative of blending (rectification). The district super-

visor will make appropriate inquiry where such dumping is done pursuant to Form 230 to determine whether the mass of spirits dumped together is homogeneous with each of its component parts.

§ 190.699 *Reduction of spirits.* Processing tanks may not be used for the dumping and reducing of spirits to be bottled without rectification. Spirits may be reduced in proof in storage, dumping and reducing, or bottling tanks, prior to the commencement of bottling. The reduction in proof or the increasing in volume of rectified spirits on which the rectification tax has been paid is, however, prohibited by law, unless the spirits are again rectified and the rectification tax again paid thereon. However, the restoration to the original proof and volume of rectified spirits upon which the rectification tax has been paid, by the addition of water, preparatory to bottling, shall not be deemed a reduction in proof or an increase in volume within the meaning of section 2801 (b), I. R. C. Section 2801 (b), I. R. C., is not applicable to the reduction of imported spirits rectified abroad, or spirits rectified in Puerto Rico, or the Virgin Islands, or of domestically rectified spirits exempt from rectification tax.

(53 Stat. 300, as amended; 26 U. S. C. 2801)

§ 190.700 *Filtration.* Spirits dumped for bottling without rectification may be filtered before being bottled, provided that the method of filtering employed is such as will not constitute rectification. (See Subpart Y of this part.)

§ 190.701 *Completion of bottling.* When the contents of a bottling tank are not completely bottled at the close of the day the rectifier shall enter in his certificate on the copy of Form 230 attached to the bottling tank the total quantity bottled that day from such tank, giving all the information required by the form. The Form 230 shall be kept on the tank until the entire contents are bottled. Upon completion of the bottling the rectifier will remove Form 230 from the bottling tank, complete the execution of his certificate on all copies, and submit it to the Government officer for verification.

§ 190.702 *Remnants.* Remnants left over upon completion of the bottling of unrectified spirits will be disposed of in accordance with the procedure prescribed in § 190.627 for the disposition of remnants of rectified spirits, except that notation of the removal of the spirits to the finished products room will be made on Form 230 in lieu of Form 237.

§ 190.703 *Disposition of Form 230—Bottling.* Immediately after the completion of the bottling and the proper completion of Form 230, the rectifier will forward the original copy of the form, with the cut-out portions of the tax-paid stamps, or the statements, or affidavit and statement, required in lieu thereof, to the district supervisor, and will file the remaining copy as a permanent record at the plant available for inspection by Government officers.

Where the spirits were transferred to the rectifying plant for bottling from a contiguous rectifying plant, the bottling Form 230 with the extra copy of Form 230 or Form 237 attached as evidence of the tax-paid status of the spirits, as provided by §§ 190.588, 190.597, and 190.694, will be filed by the proprietor. The original copy of Form 230 will be forwarded immediately to the district supervisor.

§ 190.704 *Unrectified products to be kept separate.* When unrectified spirits or wines are being bottled in a rectifying plant, such liquors must be kept completely separate and apart from rectified spirits and products.

§ 190.705 *Removal to finished products rooms.* Upon completion of the bottling of spirits or wines without rectification the filled bottles, with labels and red strip stamps (where required) properly affixed, must be placed in cases marked in accordance with Subpart II of this part, the filled cases then sealed and immediately removed to the finished products room, except as provided in § 190.99: *Provided*, That the district supervisor may authorize the rectifier to remove to the finished products room for storage therein pending receipt of orders, affixing of brand labels or State stamps, or for other acceptable reasons, a reasonable number of unsealed cases of spirits in bottles bearing strip stamps (where required) and labels fully describing the contents, upon condition that the brand labels, if missing, will be affixed and the cases sealed before shipment.

§ 190.706 *Rebottling, relabeling, and restamping of bottled spirits.* Where distilled spirits packaged in bottles are to be rebottled for domestic sale, the bottles, if of a capacity of one-half pint or greater and not exceeding 1 gallon, must conform to the requirements of Regulations 13 (26 CFR Part 175). The new label must be covered by an appropriate certificate of label approval (Form 1649) or a certificate of exemption from label approval (Form 1650). If the new label is covered by a certificate of exemption from label approval, it must conform to the requirements of Regulations 13. If the spirits have left the possession of the original bottler and are to be relabeled without rebottling, authorization to relabel the spirits must be obtained in accordance with Regulations 4 and 5 (27 CFR Parts 4 and 5) issued pursuant to the Federal Alcohol Administration Act and submitted to the Government officer assigned to the plant. Whenever bottled distilled spirits are dumped for rebottling, the red strip stamps on the bottles must be destroyed at the time of dumping, and new red strip stamps must be affixed to the bottles in which the spirits are rebottled. Such rebottling, relabeling, and restamping operations will be performed under the supervision of the Government officer. All products rebottled will be dumped pursuant to Form 230 and will be reported on Form 45 in accordance with the instructions printed thereon.

(53 Stat. 303, as amended, 331; 26 U. S. C. 2803, 2871)

SUBPART GG—STAMPS

RECTIFIED SPIRITS STAMPS (FOR BOTTLING TANKS)

§ 190.715 *Denominations; purchase and use.* Stamps for the tax-payment of rectified spirits in bottling tanks may be purchased in various denominations. The denominations of such stamps are set forth on Form 427-C. Rectified spirits stamps for tax-paying the contents of bottling tanks should be purchased by rectifiers from the collector of internal revenue of the district in which the rectifying plant is located. Stamps may not be purchased by one rectifier from another, nor may they, except in cases of emergency, be purchased from collectors of other districts. Stamps may be sold only to proprietors of rectifying plants and only for the payment of tax on rectified spirits. Rectifiers shall not sell or transfer stamps except that they may transfer such stamps to other rectifying plants operated by themselves as provided in § 190.719 pursuant to the prior approval of the district supervisor; or return such stamps for redemption in accordance with § 190.720. Rectified spirits stamps used or unused may not be purchased, sold, or possessed, except as specifically provided by law or this part.

(53 Stat. 375, 398; 26 U. S. C. 3175, 3300)

§ 190.716 *Form 427-C.* With each purchase of stamps the rectifier will submit to the collector Form 427-C, in triplicate, properly executed. The collector will stamp the date of sale on all copies of Form 427-C, return one copy to the rectifier with the stamps and send one copy to the appropriate district supervisor. The remaining copy of Form 427-C will be filed in the collector's office so that all purchase of stamps may be verified at any time. The collector will refuse to sell stamps when such form is not submitted.

§ 190.717 *Remittance; delivery.* All orders for stamps must be accompanied by cash, certified, cashiers' and treasurers' checks drawn on National and State banks and trust companies, United States postal notes, and postal, bank, express, and telegraph money orders, in a sum equal to the value of the stamps. Unless the stamps are called for by the rectifier or his agent in person, they will be sent to him by ordinary mail, registered mail, or express, at the expense of the rectifier. When the stamps are not called for in person, the rectifier will specify on Form 427-C the means (ordinary mail, registered mail, or express) by which he desires the stamps sent to him. If the stamps are ordered to be sent by ordinary mail, the rectifier shall enclose with his order sufficient postage stamps, or a separate remittance to cover the postage; if the stamps are ordered to be sent by registered mail, the rectifier shall include the postage and registry fee and any required registry surcharge, as provided by the postal laws and regulations. If the remittance is other than cash, the sum to cover the postage, registry fee, or surcharge, must not be included in the remittance covering the cost of the stamps. The local postmaster should be consulted relative to the

amount of the registry fee and surcharge required. Stamps forwarded by express will be sent "collect."

(53 Stat. 447, as amended; 26 U. S. C. 3856)

§ 190.718 *Manner of cancelling stamps.* At the time of delivery of the stamps to the Government officer for payment of the rectified spirits tax, the rectifier shall cancel the stamps by legibly writing or stamping on each stamp with indelible (India) ink his name, registry number, and the serial number of Form 237. The tax-paid stamps must be further canceled by being signed by the Government officer, followed by his title. Facsimile signatures of Government officers on stamps may be affixed by the use of hand stamps, provided care is taken to use only such ink as will neither fade nor blur.

§ 190.719 *Transfer to other premises.* When the rectifying plant is permanently discontinued, or the proprietor has no use for the stamps thereat and the proprietor operates other rectifying plants in which the stamps could be used, he may transfer the stamps to such other premises for use thereat. Permission to so transfer stamps to other premises must be first obtained from the district supervisor. If the rectifying plant to which the stamps are to be transferred is located in another supervisory district, the district supervisor granting authority to transfer the stamps will advise the district supervisor of the other district so that he may know that the receiving rectifying plant is entitled to receive the stamps. The latter district supervisor will also inform the Government officer assigned to the receiving rectifying plant of the authority to receive stamps from other rectifying plants. Record of such transfers of stamps must be made on Form 45, as provided in § 190.722.

§ 190.720 *Redemption of rectified spirits stamps; Claim to collector.* Rectifiers desiring to have rectified spirits stamps redeemed under the provisions of section 3304, I. R. C. must make claim on Form 843 to the collector of internal revenue. The stamps, for which redemption is claimed, must be attached to the claim, and the number and denominations thereof must be listed on the claim or on a sheet of paper attached thereto. Where the stamps have been destroyed, evidence satisfactory to the Commissioner establishing such destruction must accompany the claim.

§ 190.721 *Unredeemable stamps.* Rectified spirits stamps may not be redeemed while rectified spirits, on which the stamps can be used in tax-payment, remain on hand and while the rectifying plant remains in a qualified status. When a rectifying plant is discontinued and stamps remain on hand, such stamps are not redeemable if the proprietor operates other rectifying plants at which the stamps could be used. In such cases the stamps will be transferred to the other premises for use thereat. Notation of the transfer must be made on Form 45 of both premises.

§ 190.722 *Stamp record.* The rectifier shall keep a record on Form 45 of

all rectified spirits stamps for bottling tanks received and used at his rectifying plant. When rectified spirits stamps are surrendered for redemption, in accordance with § 190.720, or are transferred to, or received from, other rectifying plants operated by the proprietor, as authorized in § 190.719, record thereof must be made on Form 45, giving the reason for such surrender, transfer, or receipt, the date thereof, and the denominations of the stamps surrendered, transferred, or received, and, in cases of transfer or receipt, the name, registry number, and location of the premises to which the stamps were transferred or from which they were received.

RECTIFIED SPIRITS STAMPS (FOR PACKAGES)

§ 190.723 *Two classes.* Stamps for rectified spirits are provided in two classes: Class A, for products of rectification to which the rectifying tax of 30 cents per proof gallon does not attach; and Class B, for products of rectification to which the rectifying tax of 30 cents per proof gallon does attach.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.724 *Denominations.* Rectified spirits stamps of classes A and B are provided in denominations of 1, 10, 20, 30, 40, 50, 60, 70, 80, 90, 100, 110, 120 and 130 proof gallons, with 9 coupons attached representing 1 gallon each, and 9 coupons representing one-tenth of a gallon each.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.725 *Collector to issue stamps.* When Form 237, properly approved, showing that packages (barrels, kegs, or similar containers) of rectified spirits or products have been filled by the rectifier, is submitted to the collector without remittance in the case of rectified spirits or products exempt from the rectification tax, or with proper remittance in the case of rectified spirits or products subject to the 30-cent rectification tax, the collector will issue Class A or Class B stamps, respectively, of the proper denomination with the required coupons attached for each package listed on the form.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.726 *Issuance of stamps.* Upon issuing the stamps, the collector will enter on each stamp the collection district, name of the rectifier, the date of issuance, the proof gallons, and the serial number of the package for which the stamp is issued. The collector will also enter the serial number of each stamp in the column provided therefor on Form 237 opposite the serial number of the package, unless stamps are issued for several packages in consecutive order, in which case the numbers of the first and last stamps will be entered opposite the serial numbers of the first and last packages with an intervening wavy line indicating that the omitted numbers follow consecutively from the first to the last.

(53 Stat. 329; 26 U. S. C. 2862)

§ 190.727 *Stamp stub.* Connected with each stamp is a corresponding stub, and the collector shall enter thereon the data called for necessary to preserve a

perfect record of the use of such stamp when detached.

(53 Stat. 301; 26 U. S. C. 2802)

§ 190.728 *Affixing of stamps.* Each rectified spirits stamp must be affixed to the package containing the spirits or products which it was issued to cover. Such stamps may not under any circumstances be affixed to other packages of spirits. The stamps must be securely affixed to a smooth surface of the Government head of the cask or package (the head bearing the marks and brands required by Subpart II of this part). That surface must not have been previously painted or covered with any oily substance or any substance which would have a tendency to cause the stamp to crack or peel off. Varnish, glue, or other adhesive material which would cause the stamp to adhere securely must be used for affixing the stamp to the package.

(53 Stat. 329; 26 U. S. C. 2862)

§ 190.729 *Use of tacks.* In affixing stamps, one tack or staple will be driven in each corner of the stamp, and as many more as appear necessary where the stamp bears coupons rendering it irregular in shape.

(53 Stat. 329; 26 U. S. C. 2862)

§ 190.730 *Cancellation.* The stamp having been affixed must be immediately canceled. For this purpose the rectifier will use a stencil plate of brass or copper, in which have been cut not less than five fine parallel waved lines long enough to extend not less than three-fourths of an inch above and below the stamp on the head of the cask or package. This plate must be imprinted with black, durable coloring material over and across the stamp as indicated. The stencil plate will be so set as to bring the five parallel waved lines across the stamp at such points as will least obscure the reading matter on the stamp. The coloring material will be so applied with the brush as to make these lines distinct without blotting or spreading over the stamp. The stencil plates, with the edges of the cuttings of the lines, will be kept clean and the coloring material will be carefully examined to see that it is of a quality which will make a distinct and durable mark, without blotting or spreading.

(53 Stat. 329; 26 U. S. C. 2862)

§ 190.731 *Covering.* The stamp having been so affixed and canceled must be immediately covered with a coating of transparent varnish, shellac, or lacquer. No varnish, shellac, or lacquer shall be used which is not transparent or which is oily enough to affect in the least the glue or other adhesive on the stamp.

(53 Stat. 329; 26 U. S. C. 2862)

§ 190.732 *Proprietor to furnish all necessary labor.* All necessary labor in connection with the affixing, canceling, and covering of stamps affixed to packages of spirits shall be furnished by the rectifier.

WHOLESALE LIQUOR DEALER'S STAMPS

§ 190.733 *Circumstances authorizing procurement.* Where, because of the

discontinuance of business or change of location or desire to return to the vendor distilled spirits found to be unsuitable after the deposit thereof in storage tanks or the dumping thereof from the stamped packages in which received, or for other lawful reasons, the rectifier desires to fill packages of distilled spirits containing five wine gallons or more, in cases where the spirits have not been rectified, he may, if qualified as a wholesale liquor dealer, procure wholesale liquor dealer's stamps for the packages.

(53 Stat. 329; 26 U. S. C. 2863)

§ 190.734 *Denominations.* Wholesale liquor dealer's stamps are provided in denominations of 5, 10, 20, 30, 40, 50, 100, 200, 300, and 500 wine gallons, with 9 coupons attached representing 1 wine gallon each, and 9 coupons representing one-tenth of a wine gallon each.

(53 Stat. 329; 26 U. S. C. 2863)

§ 190.735 *Application to package.* Rectifiers desiring to draw distilled spirits into wholesale liquor dealer's packages of 5 wine gallons or more, as authorized in § 190.733, will make application therefor on Form 92, in triplicate, giving all of the information called for by the form. Where the spirits to be so packaged have been dumped from the stamped containers in which received the application shall show, in addition to other applicable data, the date and number (122 or 230) of the form pursuant to which the spirits were dumped. If the spirits were received in a tank car the application shall show, in addition to other applicable data, the date the certificate of tax-payment (Form 1595) was submitted to the district supervisor. Should the spirits, which it is permissible to transfer to wholesale liquor dealer's packages under § 190.733, be contained in stamped packages, the stamps thereon must be scalped and securely attached to one copy of the application.

(53 Stat. 329; 26 U. S. C. 2863)

§ 190.736 *Government officer's certificate.* All copies of Form 92 will be submitted to the Government officer assigned to the rectifying plant, who, if he finds after inspection of the spirits and verification of the entries and statements in the application that the spirits are correctly described and have been properly tax-paid and have not been subjected to any act of rectification, will execute his certificate on each copy of the form.

(53 Stat. 329; 26 U. S. C. 2863)

§ 190.737 *Approval of application.* If the Government officer is satisfied that the rectifier is entitled to receive wholesale liquor dealer's stamps for the packages he desires to fill because of discontinuance of business, change of location, or desire to return to the vendor distilled spirits found to be unsuitable after the deposit thereof in storage tanks or the dumping thereof from the stamped packages in which received, he will approve the application and return all copies to the rectifier. If the wholesale liquor dealer's stamps are desired for lawful reasons other than the above, the Government officer will return all

copies to the rectifier for forwarding to the district supervisor. If the district supervisor is satisfied that the application is properly executed and that the rectifier is entitled to procure such stamps, he will approve the application and return all copies to the rectifier.

(53 Stat. 329; 26 U. S. C. 2863)

§ 190.738 *Filling, gauging, and marking packages.* Upon receipt of Form 92, duly approved, the rectifier will fill, gauge, and mark the packages under the supervision of the Government officer. The packages will be filled in accordance with the provisions of § 190.567. The packages will be gauged in accordance with the rules prescribed in the Gauging Manual 26 CFR, Part 186, and the details of the gauge will be entered on each copy of the form. The packages will be marked and branded in accordance with the provisions of Subpart II of this part.

(53 Stat. 329; 26 U. S. C. 2863)

§ 190.739 *Preparation of statement of composition.* Where a rectifier, pursuant to an approved Form 92, packages distilled spirits in wholesale liquor dealer's packages for removal to other qualified premises for bottling, he shall prepare a statement of composition identifying the packages and providing such information as will, in conjunction with the information shown on the packages, permit verification of the label proposed to be used in bottling. The statement must include all pertinent information which is mandatory on the label for the particular product, for example, the presence or absence of flavoring material, artificial coloring, treatment with oak chips, quick-aging, etc. Such statement shall be signed by the rectifier and delivered to the storekeeper-gauger in charge, who, if he finds the spirits properly described, shall certify thereto by signing his name and title under the word "Verified." The statement shall be returned to the rectifier for forwarding to the purchaser of the spirits or to the proprietor of the premises where the spirits are to be bottled.

§ 190.740 *Application for stamps.* When the spirits have been properly packaged and the details of the gauge thereof entered on Form 92, the rectifier will execute the application on such form for the issuance of wholesale liquor dealer's stamps for the packages, and will deliver all copies of the form to the Government officer for his verification.

(53 Stat. 329; 26 U. S. C. 2863)

§ 190.741 *Government officer's verification.* The Government officer will, after verification of the rectifier's entries on the form, sign and date the verification in the spaces provided therefor, and will return all copies to the rectifier, who will then forward them to the collector.

(53 Stat. 329; 26 U. S. C. 2863)

§ 190.742 *Issuance of stamps.* Upon receipt of Form 92, duly executed, the collector will issue a wholesale liquor dealer's stamp, with proper coupons attached, for each package listed on the form. When issuing the stamps the collector will enter on each stamp the date, his name and collection district, the

name of the wholesale liquor dealer (the rectifier), the number of wine gallons in the package for which the stamp is issued, the name and collection district of the distiller or other person who filled the stamped package or packages or tank car in which the spirits were previously contained, and the present proof of the spirits. If the package for which the stamp is issued was filled directly from a stamped package, the collector will also enter on the stamp the serial number of the stamped package, the kind and serial number of the stamp which such package bore, and the original proof of the spirits. Where the spirits drawn into wholesale liquor dealer's packages have been previously contained in two or more packages which had been dumped together, or in a tank car, the collector will insert a dash in the space provided on the stamp for the insertion of the serial number of the previous package, the kind and serial number of the stamp thereon, and the original proof of the spirits, except that where the spirits were contained in a tank car the words "Tank car" will be inserted in the space provided for the serial number of the previous package.

(53 Stat. 329; 26 U. S. C. 2863)

§ 190.743 *Stamp stub.* The collector shall enter on the stub connected with each stamp the data called for to preserve a perfect record of the use of the stamp when detached.

(53 Stat. 331; 26 U. S. C. 2862)

§ 190.744 *Collector's disposition of Form 92.* The collector will enter the serial numbers of the wholesale liquor dealer's stamps in the proper column on each Form 92, opposite the description of the package for which the stamp is issued. The collector will then return one copy of Form 92 to the rectifier with the stamps, forward one copy of the form to the district supervisor, and retain the remaining copy as his authority for issuing the stamps.

(53 Stat. 329; 26 U. S. C. 2863)

§ 190.745 *Wholesale liquor dealer's stamps for rectified spirits.* Collectors may not furnish wholesale liquor dealer's stamps in lieu of and in exchange for stamps for rectified spirits, unless the package covered by the stamp for rectified spirits is to be broken into smaller packages.

(53 Stat. 331; 26 U. S. C. 2862)

§ 190.746 *Affixing and canceling stamps.* Upon receipt from the collector of Form 92 and the accompanying stamps, the rectifier will affix the stamps to the packages and cancel the same under the supervision of the Government officer. The stamps will be affixed and canceled in the same manner as rectified spirits stamps are required in this subpart to be affixed and canceled.

(53 Stat. 328; 26 U. S. C. 3301)

§ 190.747 *Records.* Where distilled spirits which have been dumped for bottling without rectification are packaged under wholesale liquor dealer's stamps, the rectifier shall enter a full description of the packages and their contents in his certificate on Form 220, together with

a reference to the Form 92 under which the spirits were authorized to be so packaged. The rectifier shall also make appropriate entries and notations on Form 45 whenever any distilled spirits are packaged and removed under wholesale liquor dealer's stamps.

(53 Stat. 329; 26 U. S. C. 2863)

WINE STAMPS

§ 190.748 *Purchase, transfer, record, etc., of wine stamps.* Wine stamps for the payment of taxes on rectified spirits or products under section 3030 (a), I. R. C., will be provided in the denominations set forth on Form 427-B. Such stamps will be purchased by rectifiers pursuant to application on Form 427-B from the collector of the district in which the rectifying plant is located, in accordance with the provisions of § 190.715. Wine stamps may also be received from another rectifying plant operated by the rectifier pursuant to § 190.719. The provisions of §§ 190.715-190.722, shall be applicable to the procurement, possession, use, and record of wine stamps.

(53 Stat. 347, as amended; 26 U. S. C. 3030)

DESTRUCTION OF STAMPS UPON EMPTYING PACKAGES

§ 190.749 *Immediate destruction required.* All stamps must remain on the package until the contents are emptied therefrom. When a package of distilled spirits is emptied, all stamps thereon must be completely effaced and obliterated. Every person who empties any receptacle to which wine stamps are attached shall destroy such stamps by scraping or obliterating the same immediately the receptacle is emptied; and if the receptacle is a cask, barrel, keg, or similar container he shall scrape or obliterate the marks and brands therefrom. The responsibility for destroying stamps on empty packages rests upon the person emptying the same.

(53 Stat. 330, 338; 26 U. S. C. 2866, 3301)

RED STRIP STAMPS

§ 190.750 *Requisition, Form 428.* Proprietors of rectifying plants may purchase red strip stamps indicating tax-payment of bottled distilled spirits in anticipation of their current needs. Requisition for red strip stamps will be made by proprietors on Form 428, in triplicate.

§ 190.751 *Stamp denominations.* Red strip stamps will be provided in the following denominations only: 1 gallon, $\frac{1}{2}$ gallon, 1 quart, $\frac{1}{4}$ quart, $\frac{3}{4}$ quart, 1 pint, $\frac{1}{2}$ pint, $\frac{3}{4}$ pint, $\frac{1}{2}$ pint, and less than $\frac{1}{2}$ pint. When bottles containing spirits are of sizes for which no stamps are provided, the rectifier will use stamps of the denomination next under the actual quantity of spirits contained in the bottles, as, for instance, a stamp of the $\frac{1}{2}$ -pint denomination for a bottle containing more than $\frac{1}{2}$ pint and less than $\frac{3}{4}$ pint, and will block or strike out the original denomination and write or print on the stamps immediately above the blocked or stricken out denomination the exact quantity of spirits contained in the bottles. Stamps of the denomination of "less than $\frac{1}{2}$ pint" need not be changed

to show the exact quantity contained in the bottles. Red strip stamps will be issued 50 in a sheet. Requisitions for red strip stamps by proprietors of rectifying plants must be made for full sheets. Stamps less than a full sheet may not be sold by a collector to a rectifier.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

§ 190.752 *Approval of requisition.* The proprietor will submit all copies of the requisition, Form 428, to the Government officer for approval. Before approving the requisition, the approving officer will see that it is properly executed and will satisfy himself that the number of stamps for which requisition is made is necessary for the current needs of the rectifier. No red strip stamps may be issued for use at a rectifying plant unless Form 428 is approved. Upon approval of the form, the approving officer will return all copies to the rectifier.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

§ 190.753 *Purchase of stamps.* Red strip stamps will be purchased by rectifiers from the collector of the district in which the rectifying plant is located. Stamps may not be purchased by one rectifier from another, nor may they, except in cases of emergency, be purchased from collectors of other districts. The rectifier will forward all copies of the approved Form 428 received from the approving officer to the collector of internal revenue with remittance for the stamps in the manner prescribed by § 190.717. The collector will enter the serial numbers of the stamps issued and stamp the date of sale on all copies of Form 428, and will retain one copy and send the original to the district supervisor and one copy (by mail) to the Government officer at the rectifying plant. The collector will, in every case, forward the stamps to the Government officer at the plant, in care of the rectifier. The rectifier will retain the package intact and deliver it unopened to the Government officer. The Government officer will enter receipt of the stamps in Form 182, and will immediately place them in the Government room, vault or cabinet, provided in accordance with § 190.825.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

§ 190.754 *Shipment of stamps.* Where the stamps are to be shipped, the collector will forward the stamps to the Government officer by registered mail or express. The expense of forwarding the stamps by registered mail or express will be borne by the proprietor. The collector may furnish the stamps directly to the proprietor for immediate delivery to the Government officer in accordance with § 190.753.

§ 190.755 *Rectifier's daily requisition.* The rectifier will make requisition of the Government officer for the necessary number of stamps for each day's bottling or for each lot of spirits bottled. The requisition will be prepared in the following form:

(Name of plant)
(Plant requisition number)
(Date)

RULES AND REGULATIONS

To United States Storekeeper-Gauger:

Please deliver to our bottling department the following red strip stamps to be used for affixing to bottles of tax-paid spirits to be drawn from bottling tanks shown herein:

Denomination	Quantity	Bottling tank number

By _____
(Proprietor)

Stamps delivered to proprietor:

Denomination	Quantity	Serial number of sheets

(U. S. Storekeeper-gauger)

(Date)

(53 Stat. 303, as amended; 26 U. S. C. 2803)

§ 190.756 Stamps issued in serial order. All red strip stamps will be issued by the Government officer to the rectifier in proper serial order, starting with the lowest serial number of the stamps of the denominations desired on hand at the time of issuance. The rectifier will not, however, be required to affix red strip stamps in serial order.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

§ 190.757 Requisitions to be filed. Government officers will retain copies of Form 428 returned by the collector, and the rectifier's daily requisitions at the plant as a record available for inspection by other Government officers and will file them in chronological order.

§ 190.758 Officer's responsibility. Government officers who have custody of red strip stamps will be held strictly responsible for the proper control and accounting of all stamps received, issued, used, and on hand. They shall determine whether the number of stamps requisitioned is needed; that those issued are properly affixed to bottles of tax-paid spirits; that all stamps issued to the rectifier and not used are returned to them; and that a proper accounting is made of all stamps reported mutilated.

§ 190.759 Cutting stamps in advance. The Government officer will enter on Form 182 all red strip stamps received from the collector. He may thereafter, upon request, permit the rectifier to cut all, or any quantity, of such stamps in advance of his needs. Such red strip stamps will be cut under the supervision of the Government officer and returned to him in the same numerical sequence. Each separate package of cut red strip stamps must be marked with the quantity of such stamps in the package and the first and last numbers, as "5,000, serial Nos. 1,600,001 to 1,600,100." Government officers when issuing red strip stamps will enter in the space provided therefor on the rectifier's requisition the

denomination, quantity, and serial numbers of the stamps.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

§ 190.760 Manner of affixing stamps. The stamps must be securely affixed to the bottles with the use of a good adhesive. The adhesive used must be in proper liquid condition, and care must be taken to cover the entire back of the stamp with the adhesive, and to press the whole surface of the stamp firmly against the surface of the bottle sufficiently long to cause the entire surface of the stamp to adhere securely to the bottle. The stamp must pass over the mouth of the bottle, extending an approximately equal distance on two sides of the bottle, and be so affixed that a portion of the stamp will remain attached to the bottle when the same is opened.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

§ 190.761 Concealing or obscuring stamps prohibited. No part of the stamp shall be concealed or obscured by any label or other covering, except that a cup may be placed over the opening of the bottle or the bottle may be placed in a carton, as provided in this section. Seals made of cellulose or other material which are shrunk or otherwise fitted over the necks of the bottles and cover the stamps must be sufficiently transparent to permit the stamps to be plainly seen and the data thereon easily read. No cup or cap may be placed over the opening of a bottle and cover the stamp, unless such cup or cap is transparent or is so placed on the bottle that it may be readily removed at any time without injury to the stamp and the arrangement is such that the ends of the stamp will be plainly visible when the cap or cup is in place. Cartons or other coverings of bottles of distilled spirits are permitted, if so made that they may be opened and closed without being torn or broken. Sealed cartons or other coverings may not be used unless transparent or unless openings therein permit the data on the stamp and the indicia on the bottle to be plainly seen and read.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

§ 190.762 Affixing stamp over cup or cap. The stamp may be affixed over a cup or cap placed over the opening of the bottle, provided the arrangement is such that the stamp will be torn apart or destroyed when the cup or cap is unscrewed or removed or destroyed. Where it is desired to affix the stamp over a removable cup or cap, the cup or cap must be securely screwed or fastened over the opening of the bottle, and must be of such size and construction that the stamp will pass over the top and extend beyond the cup or cap for such length that each end of the stamp may be securely affixed to the surface of the bottle. Any bottler using such a cup or cap must see to it that the stamp is securely affixed, with a strong adhesive, to both the cup or cap and the bottle in such a manner that the stamp will be torn apart when the cup or cap is unscrewed or removed. Where it is desired to affix the stamp over a cap or seal made of cellulose or other similar adhesive material which is so shrunk or otherwise fitted over the

neck of the bottle as to be unremovable without being destroyed, it will not be necessary for the ends of the stamp to be affixed to the surface of the bottle, but the cap or seal and stamp must be so affixed that a portion of each will remain attached to the bottle when it is opened. In any case where there is doubt as to the propriety of the use of any cup or cap, the bottle and cup or cap should be submitted to the district supervisor for a ruling thereon.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

§ 190.763 Bulk containers in excess of 1 and less than 5 gallons. Where unrectified alcohol or other unrectified distilled spirits are packaged in containers in excess of 1 gallon and less than 5 gallons, a red strip stamp must be securely affixed over the opening of the container in such a manner that the stamp will be destroyed when the container is opened. Stamps of 1-gallon denomination will be used for such containers and the denomination of the stamp will be changed by obliterating the figure "1" on each end of the stamp over the abbreviation "Gal." and writing or printing immediately above the same other figures representing the exact contents of the container. Alcohol and other distilled spirits in such containers may be sold or disposed of only as provided in § 190.815, relative to sales in bulk containers.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

§ 190.764 Non-usable strip stamps. Strip stamps issued by foreign countries may not be affixed to either imported or domestic spirits bottled at rectifying plants and intended for domestic consumption, nor may red strip stamps which have been mutilated be used at such plants. Unless eligible and intended for exchange or refund, as provided in § 190.765, red strip stamps that have been mutilated should be destroyed by the rectifier under the supervision of the Government officer, who will then enter appropriate credit on Form 182 for the number of each denomination of stamps so destroyed.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

§ 190.765 Exchange and redemption of stamps. Unused red strip stamps, in quantities of the value of \$5 or more, issued under subsection (b) of section 2803, Internal Revenue Code, may be exchanged for other stamps of the same kind and in any prescribed denomination, or the value thereof may be refunded: *Provided* That a claim for such exchange or refund, establishing the lawful issuance and ownership of the stamps, is filed with the collector of internal revenue who issued the stamps within two years after the date on which such stamps were lawfully issued: *Provided, however,* That the value of unused stamps which have been destroyed may be refunded upon the filing of a claim as provided in this section with proof to the satisfaction of the Commissioner of the destruction of the stamps. Claims for exchange of stamps will be filed on Form 1579 which will be prepared according to the instructions printed on the form, signed and sworn to before an officer authorized to administer oaths: *Provided,* That if the form

officially prescribed for such application contains therein a provision for verification by a written declaration that such application is made under penalties of perjury, such application shall be verified by the execution of such declaration, and such declaration so executed shall be in lieu of the oath and required herein for verification. Claims for refund of the value of the stamps will be filed on Form 843, in accordance with procedure prescribed by the Commissioner.

(53 Stat. 303, as amended, 63 Stat. 667; 26 U. S. C. 2803, 3369)

§ 190.766 Record, Form 96. Where the red strip stamps are returned to the proprietor for filing a claim for exchange or redemption, the proprietor shall account for such stamps on Form 96, until the exchange or redemption has been effected. The form will be prepared and disposed of in accordance with the applicable instructions printed thereon relating to "Other persons assigned custody of stamps."

§ 190.767 Government officer's record and report. Storekeeper-gaugers assigned to rectifying plants will make a record and report of red strip stamps received and used on Form 182, as provided in Subpart LL of this part.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

SUBPART HH—LABELS ON BOTTLES OF DISTILLED SPIRITS

§ 190.780 Certificates of approval or exemption. All bottlers of distilled spirits are required by Regulations 5 (27 CFR Part 5) issued under the Federal Alcohol Administration Act to obtain a certificate of approval of labels of domestically bottled distilled spirits (Form 1649) or a certificate of exemption from label approval for distilled spirits (Form 1650) before using labels on bottles of distilled spirits.

(Sec. 5, 49 Stat. 1965; 27 U. S. C. 205)

§ 190.781 Certificates to be exhibited. All bottlers of distilled spirits are required to exhibit certificates of label approval (Form 1649) or certificates of exemption from label approval (Form 1650) upon request to a duly authorized representative of the United States. Internal revenue officers will call upon the proprietor to exhibit the required certificates of label approval or certificates of exemption from label approval. The original certificate or duplicate original issued under the Federal Alcohol Administration Act regulations must be exhibited to the officer. Photostatic copies are not acceptable for this purpose.

(Sec. 5, 49 Stat. 1965; 27 U. S. C. 205)

§ 190.782 Comparison of labels with contents of bottling tank. Before releasing spirits from bottling tanks for bottling, the Government officer will require the rectifier to submit to him the label he proposes to use for the spirits in the bottling tank, together with the certificate of label approval or the certificate of label exemption, as the case may be: *Provided*, That in the case of spirits for export, other than to Puerto Rico, no certificate will be required. The storekeeper-gauger will compare such label with the label affixed to such certificate,

if any, to see that they agree in every respect except for the differences allowed by the certificate. In the case of spirits for export, the storekeeper-gauger will compare the label with the label requirements of Regulations 28 (2 CFR Part 176). In order to determine whether the label to be used corresponds in every respect with the spirits in the bottling tank including age, class and type, and proof, he will then compare such label with Forms 122 and 237, and Form 27-B Supplemental describing the formula, for rectified products manufactured by the rectifier; and with Form 230 as to products being bottled without rectification; with the certificate of origin, age and class and type in the case of imported distilled spirits, where required by Regulations 5, (27 CFR Part 5) issued under the Federal Alcohol Administration Act; and with the statement of composition required by §§ 190.568, 190.695 and 190.739, in the case of distilled spirits received from another rectifier. In making this determination he will take into consideration the kind of spirits, the proof of distillation, the kind of cooperation in which the spirits were stored, and whether the spirits were treated with oak chips, etc., as disclosed by the marks and brands on the packages, by Forms 122, 237 or 230, and by the certificate of origin, age, and class and type, or in the statement of composition. If the label and spirits agree in every respect, the Government officer will attach the label securely to the copy of Form 237 or Form 230 to be attached to the bottling tank and release the spirits for bottling. If the label and spirits do not agree in every respect, the Government officer will withhold the release of the spirits for bottling until the rectifier submits to him a label and, where required, a certificate of label approval or exemption, as the case may be, correctly describing the spirits to be bottled.

(49 Stat. 1965; 27 U. S. C. 205)

§ 190.783 Additional label requirements. Officers assigned to rectifying plants will also see that all labels affixed to containers of distilled spirits subject to the provisions of Regulations 13 (26 CFR Part 175) conform to the requirements of such part. The methods prescribed in § 190.782 will be followed in making such determinations.

(53 Stat. 331; 26 U. S. C. 2871)

§ 190.784 Tests of bottled spirits. Officers assigned to rectifying plants will, at frequent, irregular intervals during the process of bottling, test and examine the bottled spirits to determine whether the label attached is identical with the label verified by the Government officer under § 190.782; whether the bottled spirits agree in proof with the data on the label; and whether the quantity agrees with the data on the label, stamp or bottle, subject to the limitation prescribed by § 190.628. The test as to proof will be made in accordance with the provisions of the Gauging Manual (26 CFR, Part 186). The test as to quantity will be made by the utilization of a glass graduate standardized at sixty degrees Fahrenheit to be provided by the rectifier, or by weighing a given number of empty bottles and

reweighing the same bottles after filling. The net contents will be computed in accordance with the provisions of the Gauging Manual (26 CFR Part 186). If the contents do not agree as to quantity (subject to the limitation of § 190.628) or as to proof (subject to a normal drop in proof occurring during bottling operations not to exceed three-tenths of a degree), with the respective data on the label, stamp or bottle, the Government officer will withhold release of the bottled spirits and require the rectifier to rebottle, recondition, or relabel the spirits in such manner that the labels will correctly describe the contents. However, the proof at the beginning of the bottling operations shall always be set exactly as provided in §§ 190.566 and 190.690.

§ 190.785 Rectifier's responsibility. Notwithstanding that Government officers assigned to rectifying plants are required to verify labeling data, full responsibility rests upon the rectifier to see that the labeling of all spirits and wines bottled or packaged at his plant is in conformity with the requirements of Regulations 4 and 5 (27 CFR Parts 4 and 5) issued pursuant to the Federal Alcohol Administration Act, and Regulations 13 (26 CFR, Part 175).

SUBPART II—MARKING AND BRANDING SERIAL NUMBERS

§ 190.795 Method of numbering. Each case, barrel, cask, or similar container filled at a rectifying plant, including packages and cases of unrectified spirits and wines, must be numbered serially, beginning with No. 1 for the first case or package filled: *Provided*, That the series in current use at existing rectifying plants will be continued. Where, upon completion of bottling, there remain less than the number of bottles necessary to fill a case, and the rectifier desires to dispose of such bottles as a remnant case, the case will be given the serial number of the last full case of the same bottling lot followed by the letter "R", thus, "100R", or "161R". Where there is a change in the individual or corporate name, or in the trade name or style, of the rectifier, the series in use at the time of such change will be continued, but a new series will be commenced where there is a change of proprietorship.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.796 New or separate series. The serial numbers of the cases and packages filled at a rectifying plant shall run consecutively and shall not be broken in any manner, except that whenever the number 1,000,000 is reached the rectifier may, if he so desires, begin a new series commencing with No. 1, and that where two or more separate bottling units are used and different kinds of spirits are bottled simultaneously, and it is impracticable to number the cases of each kind of spirits consecutively, a series identified by a letter may be used for each bottling unit, as A1, A2, etc., and B1, B2, etc. Likewise, where cases and packages are filled simultaneously, and it is impracticable to number the cases and pack-

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ages consecutively, a separate series followed by an identifying letter may be used for the packages and one or more separate series, as provided above, may be used for the cases. Cases may be serially numbered either before or after filling.

(53 Stat. 329; 26 U. S. C. 2861)

OTHER REQUIRED MARKS

§ 190.797 *Packages of distilled spirits.* In addition to the serial number, there shall be plainly and durably burned, cut, imprinted, or stenciled, on the Government head of each barrel or similar container of distilled spirits the kind of spirits, the wine-gallon content, the proof of the spirits, the proof-gallon content, the date of filling, the number of the approved formula under which rectified, the name (or trade name or style) of the rectifier, the location (city or town, and State) of the rectifying plant, and the number of the rectifier's basic permit (Form 1638) issued pursuant to Regulations 1 (27 CFR Part 1) issued under the Federal Alcohol Administration Act: *Provided*, That if the spirits were rectified by such rectifier, or if the spirits are unrectified spirits which were produced by such rectifier at a distillery, he may use in connection with his name the designation "Rectifier" or "Distiller," respectively.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.798 *Cases of distilled spirits.* In addition to the serial number, each case of distilled spirits shall have marked on the Government side thereof the kind of spirits, the wine gallons, proof, and proof gallons, the date of filling, and the name (or trade name or style), location (city or town and State), and the number of the rectifier's basic permit issued under the Federal Alcohol Administration Act regulations (27 CFR, Part 1): *Provided*, That, if the spirits were rectified by such rectifier, or if the spirits are unrectified spirits which were produced by such rectifier at a distillery, or if the spirits were neither rectified nor produced by such rectifier, he may use in connection with his name the designation "Rectifier," "Distiller," or "Bottler," respectively: *And provided further*, That where the spirits are bottled for a certain dealer and it is desired to show the name and address of the dealer on the case in lieu of the name and location of the rectifier, such may be done if the name of the dealer is preceded by the words "Bottled for" or "Bottled expressly for," and the number of the rectifier's basic permit issued under the Federal Alcohol Administration Act regulations, together with the other required marks, excepting the name and location of the rectifier, are shown on the case.

§ 190.799 *Packages and cases of wine.* The rectifier shall place marks upon packages and cases of wine similar to the marks required by §§ 190.797 and 190.798 to be placed upon packages and cases of distilled spirits: *Provided*, That the alcoholic content of the wine will be shown in percentage by volume in lieu of the proof; and, in the case of unrectified wine, the proof gallons may be omitted.

§ 190.800 *Illustration of marks.* The required marks, stamps, and brands will be placed on packages and cases substantially as follows:

Barrels	
Ser. No. 1	50.00 W. G.
F-16	90 Proof
Whiskey	45.00 P. G.
John Doe & Co.	
Rectifier (or Distiller)	
New York, N. Y.	
R-135	
[STAMP]	
Filled May 2, 1949	
Cases	
Ser. No. 2	
Whiskey	
John Doe & Co.	
Rectifier (or Distiller or Bottler)	
New York, N. Y.	
R-135	
8.00 W. G.	
90 Proof	
2.70 P. G.	
Filled May 2, 1949	

The location of the rectifier, or the address of the dealer for whom the spirits are bottled, may be shown by recognized abbreviations.

(53 Stat. 329; 26 U. S. C. 2861)

MANNER AND SIZE OF MARKINGS

§ 190.801 *Packages.* The required marks and brands will be plainly printed or stenciled on each package with black, durable coloring material, in letters and figures not less than three-fourths of an inch in height, except that in the case of barrels or similar containers of less than 20 wine gallons capacity the letters and figures may be proportionate in height but in no event less than three-eighths of an inch.

(53 Stat. 329; 26 U. S. C. 2861)

§ 190.802 *Cases.* The required marks will be durably and plainly printed, stamped, or stenciled on each case in a color contrasting with the background of the case and in letters and figures not less than one-half inch in height.

MISCELLANEOUS PROVISIONS

§ 190.803 *Destruction of marks and brands.* The marks, brands, and serial numbers required by this part to be placed on barrels, casks, or similar containers, or cases, shall not be removed therefrom, or obscured or obliterated, before the contents thereof have been removed; but when barrels, casks, or similar containers are emptied, all such marks, brands, and serial numbers shall be effaced and obliterated by the person removing the contents therefrom.

(53 Stat. 330; 26 U. S. C. 2866)

§ 190.804 *Trade marks.* No person shall affix or cause to be affixed to or upon any cask or package containing or intended to contain distilled spirits any imitation stamp or other engraved, printed, stamped, or photographed label, device, or token, whether the same be designed as a trade mark, caution notice, caution, or otherwise, and which shall be in the similitude or likeness of or shall have the semblance or general appearance of any internal revenue

stamp required by law to be affixed to or upon any cask or package containing distilled spirits.

(53 Stat. 330; 26 U. S. C. 2869)

§ 190.805 *Placing of trade marks on Government head forbidden.* No marks, brands, caution notices, or other devices whatsoever will be permitted on the Government head of any package or Government side of any case, other than the stamps, labels, marks, or brands required or authorized to be affixed by law or this part.

SUBPART JJ—SALES OF DISTILLED SPIRITS BY RECTIFIERS

§ 190.815 *Bulk containers.* Under the regulations issued pursuant to the Federal Alcohol Administration Act (27 CFR, Part 3), proprietors of rectifying plants may sell or dispose of distilled spirits in bulk, i. e., in containers having a capacity in excess of 1 gallon (a) to distillers and proprietors of internal revenue bonded warehouses, industrial alcohol plants and industrial alcohol bonded warehouses (holding a permit under the Federal Alcohol Administration Act), including those operating tax-paid bottling houses; (b) to rectifiers; (c) to proprietors of class 8 customs bonded warehouses (imported spirits only); (d) to winemakers (brandy or alcohol) for the fortification of wine; (e) to any agency of the United States, or of any State or political subdivision thereof; (f) for export; (g) on warehouse receipts, conforming to the regulations issued under the Federal Alcohol Administration Act, for distilled spirits in internal revenue bonded warehouses; and (h) for industrial use, as follows: For experimental purposes, and in the manufacture (1) of medicinal, pharmaceutical, or antiseptic products, including prescriptions compounded by retail druggists; (2) of toilet products; (3) of flavoring extracts, sirups, or food products; or (4) of scientific, chemical, mechanical, or industrial products; provided such products are unfit for beverage use. Distilled spirits produced at registered distilleries at a proof of 160 degrees or more, upon tax-payment, may be withdrawn for beverage purposes only; and under the regulations issued pursuant to the Federal Alcohol Administration Act rectifiers may not sell in bulk for industrial use other distilled spirits (except alcohol or neutral spirits—fruit) unless such spirits are shipped or delivered directly to the industrial user thereof.

(53 Stat. 335, as amended; 26 U. S. C. 2883; sec. 6, 49 Stat. 985; 27 U. S. C. 206)

§ 190.816 *Retail containers.* Except as provided in § 190.815, rectifiers may sell or dispose of distilled spirits only in containers having a capacity of 1 gallon or less. All such containers having a capacity of one-half pint or more must conform to the requirements of Regulations 13 (26 CFR, Part 175).

(53 Stat. 331; 26 U. S. C. 2871; sec. 6, 49 Stat. 985; 27 U. S. C. 206)

§ 190.817 *Broken cases.* The rectifier may break serially numbered cases in the finished products room or the contiguous wholesale liquor dealer room

when necessary for the purpose of filling orders for less than a case of particular brands or kinds of liquors, provided notation of the serial numbers of such cases is made on Form 45 or Record 52, or on a separate record with identifying data in accordance with § 190.831. Broken cases shall be kept separate from full cases, and no case shall be broken unless necessary to fill orders. Composite or partial cases shall be marked in accordance with the requirements of §§ 190.798 and 190.799, except that such cases will not be serially numbered and where the contents differ in kind or proof the words "Miscellaneous spirits" or "Assorted spirits," or a similar designation, may be substituted for a more particular description of the kind of spirits and the proof may be omitted.

SUBPART KK—RECTIFIER'S RECORDS AND REPORTS

§ 190.825 *Monthly record, Form 45.* In addition to rendering Forms 122 and 237, as provided in Subparts X and BB of this part, every rectifier shall keep a monthly record on Form 45 of all distilled spirits, wines, and other liquors received, dumped for rectification, packaged or bottled after rectification, bottled without rectification, and disposed of. All of the information indicated by the headings of the columns and lines on the form, and the instructions printed thereon or issued in respect thereto, and as required by this part, will be entered thereon. Form 45 will be kept, in bound form, at the rectifying plant.

(53 Stat. 327, 373; 26 U. S. C. 2855, 3171)

§ 190.826 *Where contiguous wholesale liquor dealer room is maintained.* Where the rectifier maintains a contiguous wholesale liquor dealer room and uses it exclusively for products bottled at his rectifying plant, he shall report on Form 45 all bulk products removed from the rectifying plant and all bottled products removed from the rectifying plant and the contiguous wholesale liquor dealer room. Where the wholesale liquor dealer room is not used exclusively for products bottled at the rectifying plant, the rectifier shall report all bottled products (rectified and unrectified) removed from his rectifying plant, on Form 45, kept at such plant and shall keep at such contiguous wholesale liquor dealer room Record 52, which shall show all bottled distilled spirits products (rectified and unrectified) received and disposed of thereat, including those products transferred from his contiguous rectifying plant.

(53 Stat. 327, 327, as amended, 373; 26 U. S. C. 2855, 2857, 3171)

§ 190.827 *Where noncontiguous wholesale liquor dealer premises are maintained.* Every rectifier who maintains a noncontiguous wholesale liquor dealer premises shall report all bottled products (rectified and unrectified) removed from his rectifying plant on Form 45 kept at such plant. He shall keep Record 52 at such noncontiguous wholesale liquor dealer premises, which shall show all bottled distilled spirits products (rectified and unrectified) received and disposed of thereat, including products

transferred from his noncontiguous rectifying plant and products received from other persons.

(53 Stat. 327, 327, as amended, 373; 26 U. S. C. 2855, 2857, 3171)

§ 190.828 *Record of warehouse receipts to be kept by rectifier.* Every proprietor of a rectifying plant who sells, or offers for sale, distilled spirits by warehouse receipts shall, in addition to procuring a wholesaler's basic Federal Alcohol Administration Act permit (Form 1633), keep a separate record, and render a monthly transcript, of all purchases and sales of warehouse receipts on Form 52-F. There need not be entered on Form 52-F transactions in warehouse receipts not involving the purchase or sale of distilled spirits, such as the receipt from a warehouseman of warehouse receipts covering the deposit or bottling of spirits in his warehouse or the surrender of warehouse receipts for the bottling of the spirits in bond or their transfer in bond to another warehouse. Entries on Form 52-F shall be made as indicated by the headings of the various columns and lines on the form and the instructions printed thereon or issued in respect thereto, and as required by this part. Form 52-F must be sworn to before an officer authorized to administer oaths: *Provided*, That if the form officially prescribed for such report contains therein a provision for verification by a written declaration that such report is made under penalties of perjury, such report shall be verified by the execution of such declaration, and such declaration so executed shall be in lieu of the oath required herein for verification. The provisions of § 190.830 with respect to the time of making entries, and of § 190.840 with respect to forms to be provided by users, are hereby made applicable to Form 52-F. The provisions of § 190.831 with respect to a separate record of serial numbers of cases are hereby made applicable to Form 52-F with respect to serial numbers of packages and cases purchased or sold by warehouse receipts. The monthly transcript on Form 52-F shall be forwarded to the district supervisor on or before the tenth day of the succeeding month. The physical removal of distilled spirits from the rectifying plant shall continue to be reported on Form 45 in accordance with the provisions of § 190.825. The physical receipt and disposition of distilled spirits at the contiguous wholesale liquor dealer room not used exclusively for products bottled at the rectifying plant shall continue to be reported on Record 52 in accordance with the provisions of § 190.826. The physical receipt and disposition of distilled spirits at the rectifier's noncontiguous wholesale liquor dealer premises shall continue to be reported on Record 52 in accordance with the provisions of § 190.827.

(53 Stat. 327, as amended, 328, 391, 63 Stat. 667; 26 U. S. C. 2857, 2858, 3254, 3809)

§ 190.829 *Place where Form 52-F shall be kept.* Every proprietor of a rectifying plant shall keep Form 52-F at the place of business where warehouse receipts are sold or offered for sale.

(53 Stat. 327, as amended, 328, 373, 391; 26 U. S. C. 2857, 2858, 3171, 3254)

§ 190.830 *Time of making entries.* Daily entries shall be made on Form 45 and Record 52, as indicated by the headings of the various columns and lines on the form, and the instructions printed thereon or issued in respect thereto, and as required by this part, before the close of the business day next succeeding the day on which the transactions occur. Where the proprietor defers the making of the entries to the next business day, as authorized in this section, he shall keep a separate record, such as invoices, of the removals of spirits, showing the removal data required to be entered on Form 45 or Record 52, respectively, and appropriate memoranda of other transactions required to be entered on such records, for the purpose of making the entries correctly.

(53 Stat. 327, 327, as amended, 373; 26 U. S. C. 2855, 2857, 3171)

§ 190.831 *Separate record of serial numbers of cases.* Serial numbers of cases of spirits disposed of need not be entered on Form 45 or Record 52, provided the proprietor keeps in his place of business a separate record, approved by the district supervisor, showing such serial numbers, with necessary identifying data, including the date of removal and the name and address of the consignee. Such separate record may be kept in book form (including loose-leaf books) or may consist of commercial papers, such as invoices or bills. Such books, invoices, or bills shall be preserved for a period of four years and in such a manner that the required information may be ascertained readily therefrom, and during such period, shall be available during business hours for inspection and the taking of abstracts therefrom by revenue officers. Entries shall be made on such separate approved record before the close of the business day next succeeding the day on which the transactions occur. Where the making of the entries is deferred to the next business day, as authorized in this section, appropriate memoranda shall be maintained for the purpose of making the entries correctly. The proprietor whose separate record has been approved by the district supervisor shall make a notation in the column for reporting serial numbers, as follows: "Serial numbers shown on commercial records per authority dated _____."

(53 Stat. 327, 327, as amended, 26 U. S. C. 2855, 2857)

§ 190.832 *Miscellaneous items.* The proprietor may enter on Record 52 as one item the total quantity of different kinds of spirits made up from broken cases sold to the same person on the same day, provided such total quantity is not in excess of 10 gallons. The entry of such items shall be stated as "Miscellaneous" or "Misc." and shall show the date, the name and address of the person to whom sold, and the quantity. The total quantity of such miscellaneous spirits so disposed of during the month shall be reported as "Miscellaneous" in the monthly summary which the proprietor is required to render on Form

338: *Provided*, That the proprietor determines by actual inventory the quantity of each kind of spirits remaining on hand at the end of the month.

(53 Stat. 327, as amended, 373; 26 U. S. C. 2855, 2857, 3171)

§ 190.833 *Where wholesaler maintains retail department.* Where a wholesale liquor dealer maintains a separate retail liquor dealer department on the same premises, he shall keep Record 52 at his wholesale liquor dealer department and enter thereon all spirits received and disposed of thereat. Distilled spirits transferred from the wholesale department to the retail department shall be reported on Record 52, Part 2, as "Transferred to retail liquor dealer department." Sales of 5 wine gallons or more of distilled spirits to the same person at the same time, filled wholly or partly from the retail liquor dealer department, shall be entered on Record 52, Part 2, and the quantity taken from the retail department shall be entered on Record 52, Part 1, as "Transferred from the retail liquor dealer department." Where the wholesale liquor dealer sells at both wholesale and retail and does not maintain a separate retail department, all distilled spirits received and disposed of shall be entered on Record 52.

(53 Stat. 327, as amended, 373; 26 U. S. C. 2855, 3171)

§ 190.834 *Reports.* Except as otherwise provided in this section, the proprietor shall file, daily, full and complete transcripts of Form 45 (Part 5) and Record 52 on Forms 45 (Part 5), 52-A and 52-B with the District Supervisor, by delivering or mailing them to such officer on the date the transactions entered therein occurred: *Provided*, That in any case in which the District Supervisor shall direct, the transcripts shall be so filed with the Investigator in Charge instead of with the District Supervisor. The transcripts shall bear the following certification signed by the person or officer authorized to execute Form 45 or 338:

I hereby certify that these transcripts, consisting of ----- pages, disclose all the transactions which occurred during the period covered thereby, and that each entry is correct.

If in any case the District Supervisor shall so authorize, the transcripts, in lieu of being filed daily, may be filed with him on or before the 10th day of the month succeeding the month in which the transactions occurred. In such event, transactions will be entered on Form 45 and Record 52 in accordance with the provisions of § 190.830. A full and complete transcript of Form 45 (except Part 5 where such part is filed daily) shall be prepared and forwarded to the District Supervisor on or before the 10th day of the month succeeding the month in which the transactions occurred. Where Record 52 is kept, a monthly summary report shall be prepared on Form 338, in duplicate, one copy of which will be retained on file and the original forwarded to the District Supervisor on or before the 10th day of the month succeeding the month

in which the transactions occurred. The District Supervisor will, after audit, forward one copy of Form 45 to the Commissioner not later than the last day of the month succeeding that for which the report is rendered, and will retain the remaining copy.

REPORT OF THIRD PARTY TRANSACTIONS

§ 190.835 *Additional requirements.* The proprietor of the rectifying plant shall report, on Form 45, Part 5, and when Record 52 is kept, on Part 2 and on transcript, Form 52-B, the name and address of each consignee, in the column now designated "Name". In the column now designated "Address", there will be reported the name and address of the person, firm or corporation paying (by advancement or reimbursement) either tax, bottling charge, brokerage fee, handling charge, or clearance fee, indicating which are included. The heading of both columns will be amended accordingly.

(53 Stat. 327, 327, as amended, 373; 26 U. S. C. 2855, 2857, 3171)

§ 190.836 *Reporting of shipment or delivery of distilled spirits to third party.* Where the proprietor of a rectifying plant ships or delivers distilled spirits to a consignee on the order of another wholesale liquor dealer, detailed records of the transactions shall be kept on Form 45 by the proprietor of the rectifying plant making the shipment or delivery; on Record 52 by the wholesale liquor dealer giving the order; and on Record 52 by the consignee if he is a wholesale liquor dealer. For example, assuming that the proprietor of rectifying plant (A) ships or delivers the distilled spirits to consignee (C) on the order of wholesale dealer (B), entries will be made on the prescribed forms as follows:

(a) The proprietor of the rectifying plant (A) will show in his Form 45 the name and address of wholesale dealer (B) who ordered the distilled spirits, as well as the name and address of consignee (C), the person to whom the distilled spirits are actually shipped or delivered;

(b) Wholesale dealer (B) will show in his Record 52 that the distilled spirits were purchased from rectifier (A), giving both the name and address of (A), and will at the same time make an entry showing that the distilled spirits were shipped or delivered by (A) to consignee (C) giving the name and address of (C); and

(c) Consignee (C), if a wholesale liquor dealer, will show in his Record 52 that the distilled spirits were purchased from wholesale dealer (B) and received by him from the proprietor of rectifying plant (A), giving name and address of both. A copy of Form 45 and transcripts of Record 52 on Forms 52-A and 52-B, required to be filed with the district supervisor, will similarly show the details of such transactions.

(53 Stat. 327, 327, as amended, 373; 26 U. S. C. 2855, 2857, 3171)

§ 190.837 *Similar third party transactions.* Where the proprietor of a rectifying plant keeps Record 52 and is a party to transactions similar to those described in § 190.836, he shall make

similar entries of such transactions in Record 52; and the transcripts on Forms 52-A and 52-B required to be filed with the district supervisor, will likewise show the details of the transactions.

(53 Stat. 327, 327, as amended, 373; 26 U. S. C. 2855, 2857, 3171)

EXECUTION AND DISPOSITION OF RECORDS AND REPORTS

§ 190.838 *Execution of reports.* Reports on Forms 45 and 338 must be signed in the same manner as the rectifier's notice, Form 27-B, except that in the case of a corporation the affixing of the corporate seal will not be required. Each report must be verified under oath by the proprietor, or his authorized agent at the rectifying plant or wholesale liquor dealer premises, as the case may be: *Provided*, That if the form officially prescribed for such report contains therein a provision for verification by a written declaration that such report is made under penalties of perjury, such report shall be verified by the execution of such declaration, and such declaration so executed shall be in lieu of the oath required herein for verification. Where Form 45, or Form 338, is signed by an agent, proper power of attorney authorizing the agent to execute the reports for the proprietor must be filed with the district supervisor. In the case of Form 45 the power of attorney will be filed in duplicate, one copy of which will be forwarded by the district supervisor to the Commissioner.

(53 Stat. 327, as amended, 63 Stat. 667; 26 U. S. C. 2855, 2857, 3809)

§ 190.839 *Preservation of records.* Records kept on Form 45 and Record 52 shall be preserved for a period of four years, and during such period shall be available during business hours for inspection and the taking of abstracts therefrom by the Commissioner or any internal revenue officer.

(53 Stat. 327, as amended, 373; 26 U. S. C. 2855, 2857, 3171)

§ 190.840 *Forms to be provided by users.* Record 52 and Forms 45, 52-A, 52-B, 52-F, 122, 230, 237, and 338 will be provided by users at their own expense but must be in the form prescribed by the Commissioner: *Provided*, That, with the approval of the Commissioner, the forms may be modified to adapt their use to tabulating or other mechanical equipment: *And provided further*, That, where the form is printed in book form, including loose-leaf books, the instructions may be printed on the cover or the flyleaf of the book instead of on the individual form.

(53 Stat. 327, as amended, 373; 26 U. S. C. 2855, 2857, 3171)

§ 190.841 *Filing of forms.* Rectifiers shall maintain separate files for Forms 92, 122, 230 (and Form 230 or Form 237 attached thereto in the case of spirits received by pipe line from another rectifying plant), 237, 703-A, 1440, and 1520. They shall file Forms 92, 230, and 237 in serial order and all other forms in chronological order, in their respective files and shall preserve them for a period of four years at the rectifying plant, available for inspection by Government officers.

§ 190.842 *Examination by Government officers.* Government officers inspecting rectifying plants, or assigned to duty thereat, will from time to time examine Form 45 (and Record 52 and Form 52-F, if required) to determine whether such records are being properly maintained. They will see that copies of Forms 92, 122, 230 (and Form 230 or Form 237 attached thereto in the case of spirits received by pipe line from another rectifying plant), 237, 703-A, 1440, and 1520, are being retained in proper order by the rectifier at the rectifying plant, available for inspection by Government officers.

SUBPART LL—GOVERNMENT OFFICER'S RECORD AND REPORT OF RED STRIP STAMPS

§ 190.855 *Record, Part I, Form 182.* Government officers assigned to rectifying plants will keep a record of strip stamps received and used on Part I of Form 182. Entries will be made on Form 182 daily, as indicated by the headings of the various columns and lines on the form, and in accordance with the instructions printed thereon or issued in respect thereto, and as required by this part. The record will be kept in bound form, available for inspection by other Government officers.

(53 Stat. 303, as amended, 373; 26 U. S. C. 2803, 3171)

§ 190.856 *Monthly report, Part II, Form 182.* At the close of the month or within five days thereafter, the Government officer will prepare a monthly report on Part II of Form 182, in triplicate, of strip stamps received and used during the month. The officer will retain one copy of Part II, available for inspection by other Government officers, furnish one copy to the rectifier, and forward the remaining copy to the district supervisor.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

SUBPART MM—SAFEGUARDING RED STRIP STAMPS AND GOVERNMENT PROPERTY

§ 190.895 *Storage in Government room, vault or cabinet.* The rectifier's supply of red strip stamps, the Government seals, and the Government officer's records and other Government property when not in use, shall be kept in the Government room, vault or cabinet, which shall be locked with a Government seal lock, the key to which shall at all times remain in the possession of the Government officer. The officer must not leave the room, vault or cabinet open, except in his presence, or give the key thereof to anyone except another Government officer authorized to receive it. Where it is necessary to open the room, vault or cabinet at various times during the day, the seal will not be inserted until the lock is closed for the night, unless the duties of the Government officer require him to leave the rectifying plant during the day.

SUBPART NN—OPERATING UNDER A NEW NAME OR BOTTLING UNDER DIFFERENT TRADE NAMES OR STYLES

§ 190.900 *Qualification of proprietor.* Whenever the proprietor of a rectifying plant desires to change the individual or corporate name, or the trade name or

style in which the rectifying plant is operated, he must secure approval of such change in the manner prescribed in §§ 190.240-190.256 prior to the commencement of operations: *Provided*, That where the rectifier desires to bottle spirits under more than one trade name or style and such trade name or style has been specified on an approved Form 27-B, and has also been specified on the rectifier's Federal Alcohol Administration Act permit and he has secured certificates of label approval (Form 1649) or certificates of exemption from label approval (Form 1650) for the labeling of spirits under such trade name or style, the rectifier shall state on Form 230 or Form 237, as the case may be, his desire to bottle and label the particular lot of spirits or wines covered by the form under such name or style. Upon approval of the form in the usual manner, he may so bottle and label the particular spirits covered by Form 230 or Form 237, as the case may be, without filing an amended notice on Form 27-B or changing the name under which the rectifying plant is then qualified and operated.

§ 190.901 *Spirits in process of rectification or bottling.* Whenever a rectifier desires to operate his rectifying plant under a new individual or corporate name, or a trade name or style other than the trade name or style under which he is then operating, and has complied with the provisions of § 190.900, he will not be required to complete the rectification of spirits or wines dumped for the purpose, or the bottling or packaging of spirits or wines covered by approved Forms 230 or 237, before commencing business under the new individual or corporate name or under such other trade name or style.

§ 190.902 *Outstanding Forms 230 and 237.* When a change in the individual or corporate name, or in the trade name or style, takes place at a rectifying plant the proprietor shall enter on both copies of each outstanding Form 230 and on all copies of each outstanding Form 237 the total quantity of spirits bottled under each prior to the effective date of the change, giving all the information required by the form. Each of such entries shall be followed by a statement, dated and signed by the rectifier, showing that the remainder of the spirits or wines described on the form are to be bottled under the new name. Upon completion of the bottling the proprietor will complete the execution of the forms under the new name, and, after submitting them to the Government officer for verification, will dispose of them in the manner prescribed in Subparts BB and FF of this part. If Form 237 covers spirits to be removed in barrels or similar packages the form will be completed in the name under which the rectified spirits stamps were applied for and issued.

§ 190.903 *Marking, branding, and labeling.* The spirits will be marked, branded, and labeled under the individual or corporate name or trade name or style in which the rectifying plant is being operated: *Provided*, That if the rectifier is bottling and labeling spirits or wines under a name other than the

one in which the plant is operated, he may not use such terms as "Blended by," "Produced by," etc., on the labels.

§ 190.904 *Records.* Separate records on Forms 45 and 182, will not be required for operations under a new individual or corporate name or under each trade name or style. The rectifier shall, however, note on Form 45 the individual or corporate name or the trade names or styles under which operations were conducted during the month, and the dates of operation under each. The storekeeper-gauger will make a similar notation on Form 182.

SUBPART OO—CHANGE OF PROPRIETORSHIP

§ 190.915 *Completion of operations required.* When a succession or actual change in the proprietorship of a rectifying plant takes place other than a change brought about by operation of law, as by the appointment of an administrator, executor, assignee, receiver, trustee, or other fiduciary, the business of rectification, the bottling of liquors rectified, and the bottling of spirits and wines without rectification must, except as provided in this subpart, be completely finished by the person or persons who have been carrying on the business and all spirits and wines on hand removed from the premises before the business shall be undertaken or begun by the succeeding proprietor. The successor of a rectifier shall not commence operations until all documents required for his qualification as such have been approved by the district supervisor.

§ 190.916 *Transfer of spirits to successor.* The outgoing rectifier may transfer to his successor all spirits on hand, including those in the process of rectification: *Provided*, That where any spirits to be so transferred have been subjected to a process of rectification, all taxes due thereon shall be paid by the outgoing rectifier before transfer to the successor, irrespective of whether or not the process of rectification has been completed: *And provided further*, That the notice, bond, and other qualifying documents of the successor have been approved by the district supervisor to take effect on the day next succeeding that at the close of which the transfer is to be made. The required qualifying documents of the successor should be submitted to the district supervisor in sufficient time to permit approval for the date desired.

§ 190.917 *Gauging of partially rectified products.* All partially rectified products to be transferred to the successor shall be drawn from the processing tanks and receptacles into packages or bottling tanks, gauged, and retained therein pending tax-payment by the outgoing rectifier, except that partially rectified spirits in gaugeable packages may be gauged and retained therein pending tax-payment and transfer to the successor, and partially rectified products which are to be further rectified by the successor may be run into a weighing tank, or, if no weighing tank has been provided, into a bottling tank and gauged, and then returned to processing tanks or receptacles and retained therein pending tax-payment and trans-

fer to the successor. A separate Form 237 shall be prepared in quadruplicate for each tank, and in triplicate for each lot of packages containing the same kind of product in the same stage of rectification.

§ 190.918 Determining tax liability of partially rectified products. The tax liability of partially rectified products to be transferred to the successor shall be determined in accordance with the provisions of § 190.591, pertaining to the tax-payment of partially rectified products for removal from the plant. If the partially rectified products are such as are subject to tax under section 3030 (a), I. R. C., the outgoing rectifier shall, as provided by said § 190.591, append to each copy of Form 237, before the same is submitted to the Government officer for certification, and by him submitted to the district supervisor for approval, a precise statement showing the extent to which the products have been rectified and their present character. The district supervisor will specify on the form the tax or taxes due, and will return all copies to the rectifier.

§ 190.919 Tax-payment of partially rectified products. Upon receipt from the district supervisor of Form 237, with the tax or taxes due duly specified, the outgoing rectifier shall, in the case of all partially rectified products in packages, forward all copies of the form to the collector with remittance for the rectification tax due, if any. The collector will execute the certificate of tax-payment, in all cases where remittance is received, retain one copy, and return the remaining copies to the rectifier, together with the required number of the appropriate class of rectified spirits stamps where packages are listed on the form. The outgoing rectifier will affix the rectified spirits stamps to the packages for which they were issued, and will cancel such stamps and mark and brand the packages, as provided in Subpart GG and Subpart II of this part. In the case of partially rectified products in tanks, the rectification tax of 30 cents per proof gallon shall be paid in accordance with § 190.585. If the Form 237 covers a partially rectified product in a tank, one copy thereof will be attached to the tank pending transfer to the successor, and the original copy with the canceled stamps attached will be disposed of as provided in § 190.586. If the partially rectified product is subject to tax under section 3030 (a), I. R. C., wine stamps representing such tax will be canceled and attached to Form 237 in the manner provided by §§ 190.585 and 190.586.

(53 Stat. 303, as amended, 329; 26 U. S. C. 2803, 2802, 2803)

§ 190.920 Completion and disposition of Form 237. When the partially rectified products in packages have been tax-paid (if subject to tax) and removed to the finished products room, and such products in tanks have been tax-paid (if subject to tax) and transferred to the successor, the outgoing rectifier shall make appropriate notation of the disposition of the products on Form 237, and, after approval by the Government officer, will retain one copy of the form

and forward the original copy to the district supervisor.

(53 Stat. 375; 26 U. S. C. 3175)

§ 190.921 Rectification of partially rectified products by successor. When rectified products contained in tanks are to be further rectified by the successor, he shall, immediately upon receipt thereof from the outgoing rectifier, prepare and submit Form 122 to show a constructive dumping of the products by him for rectification. The form will be prepared and submitted in the manner prescribed by Subpart X of this part for the regular dumping of spirits for rectification, except that the copy of Form 237 attached to the tank by the outgoing rectifier will be removed and attached to the district supervisor's copy of Form 122 as evidence of the tax-paid character of the product, in lieu of the cut-out portions of the stamps required to be attached to the form when packages are dumped. Upon completion of the process of rectification, pursuant to an approved formula, the successor shall prepare and submit Form 237 and pay all taxes due on the product in accordance with the procedure prescribed in Subpart BB of this part. Partially rectified products received from the outgoing rectifier in packages may be returned to the rectifying room and dumped for further rectification, pursuant to Form 122, provided appropriate entries are made in Form 45 to show a constructive transfer of the products from the finished products room to the receiving room.

§ 190.922 Bottling of partially rectified products by successor. Where partially rectified products in bottling tanks are transferred to the successor and such products are to be bottled without further rectification, the successor shall prepare and submit Form 230 in the manner prescribed by Subpart FF of this part, except that the copy of Form 237 attached to the bottling tank by the outgoing rectifier will be removed and attached to the district supervisor's copy of Form 230 as evidence of the tax-paid character of the product in lieu of the cut-out portions of stamps required to be attached to the form when packages are dumped.

§ 190.923 Tax-payment of completely rectified products. Where completely rectified products are to be transferred to the successor, such products shall be drawn into packages or run into bottling tanks and gauged, Form 237 shall be prepared and submitted, and all taxes due on such products shall be paid by the outgoing rectifier, in accordance with the procedure prescribed in Subpart BB of this part. If completely rectified products in bottling tanks are to be bottled by the successor, the same procedure shall be followed as in the case of the bottling of partially rectified products contained in such tanks.

§ 190.924 Bottling of unrectified products by successor. Where there is a change of proprietorship in a rectifying plant, and products to be bottled without rectification, covered by Form 230, are to be transferred to the successor

prior to completion of bottling, the outgoing rectifier shall enter on all copies of each such form the total quantity of products bottled under each by him prior to the effective date of transfer, giving all the information required by the form. Each of such entries shall be followed by a statement dated and signed by the outgoing rectifier showing that the remainder of the products described on the form are to be transferred to the successor. The outgoing rectifier will complete the form, retain one copy, and forward one copy to the district supervisor. When the transfer has been effected, the successor may bottle such products without rectification pursuant to Form 230 filed by him. The Form 230 of the successor should contain a reference to the Form 230 of the predecessor to identify the products.

§ 190.925 Transfer of strip stamps forbidden. The outgoing rectifier may not transfer any strip stamps to his successor. Where the change of proprietorship of the plant is to be of a temporary nature, any strip stamps on hand belonging to the outgoing proprietor may be retained in the custody of the storekeeper-gauger pending the qualification and resumption of operations by such proprietor.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

§ 190.926 Transfer of rectified spirits stamps and wine stamps forbidden. The outgoing rectifier may not transfer any rectified spirits stamps or wine stamps to his successor, nor may such stamps be otherwise transferred except as provided by § 190.719. Where the change of proprietorship of the plant is to be of a temporary nature, any rectified spirits stamps and wine stamps on hand will be retained in the custody of the outgoing proprietor (the owner of the stamps) and proper report will be rendered on Form 45. The rectifier will submit a monthly report of such stamps due at the end of any monthly period during the period of temporary discontinuance in accordance with § 190.722 during such period of temporary discontinuance.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

§ 190.927 Records and reports. Where there is a change in proprietorship otherwise than by operation of law, the outgoing rectifier shall make appropriate entries on Form 45 covering all spirits transferred to his successor, who shall in turn enter such items on his Form 45 as received from his predecessor. The storekeeper-gauger will keep a separate record on Form 182 for the successor.

§ 190.928 Succession by fiduciary. Where a change of proprietorship is brought about by operation of law, the administrator, executor, assignee, receiver, trustee, or other fiduciary may not continue the business until the required qualifying documents have been filed and approved. In the case of such change, the fiduciary shall make appropriate notation of his succession on Form 45 and on all copies of each outstanding Form 230 and Form 237, and upon completion of the bottling of spirits covered by Form 230 or Form 237, he shall complete the

execution of the forms and dispose of the same as provided in Subparts BB and FF of this part. The storekeeper-gauger will make similar notation of such succession on Form 182.

SUBPART PP—DISCONTINUANCE OF OPERATIONS

§ 190.940 *Disposition of spirits.* Upon permanent discontinuance of business, and prior to the filing of notice thereof on Form 27-B, as prescribed in § 190.944, all spirits on hand must have been lawfully removed from the premises. Persons to whom such spirits are sold or delivered must be qualified to receive the same.

§ 190.941 *Disposition of indicia bottles.* If there are any indicia bottles on hand, the same will be inventoried by the storekeeper-gauger or other officer designated for the purpose by the district supervisor. The disposition of such bottles will be in accordance with the procedure prescribed in Regulations 13 (26 CFR, Part 175).

§ 190.942 *Disposition of red strip stamps.* All unused red strip stamps, if any, belonging to the proprietor at the time of permanent discontinuance of business will be inventoried by denomination, serial number, and quantity, by the storekeeper-gauger or other officer designated by the district supervisor to perform such duty. The officer will deliver such stamps to the proprietor and take his receipt therefor, in duplicate. When delivering the stamps the officer will advise the proprietor that the value of the stamps, if in quantities of the value of \$5 or more, may be refunded, provided that a claim for such refund on Form 843, establishing the lawful issuance and ownership of the stamps, is filed with the collector of internal revenue who issued the stamps within two years after the date on which such stamps were lawfully issued, or that such unused stamps may be destroyed in the presence of the Government officer and the proprietor thereby relieved from further accountability for the stamps. If the stamps are not surrendered to the collector for refund of their value or are not destroyed, the proprietor must account for the stamps each month by rendering Form 96 to the district supervisor. The officer shall make a notation on the receipt as to the disposition made or to be made of the stamps. One copy of the receipt will be delivered to the proprietor and the original will be delivered to the district supervisor.

(53 Stat. 303, as amended; 26 U. S. C. 2803)

§ 190.943 *Disposition of rectified spirits and wine stamps.* All of the rectified spirits stamps and wine stamps, if any, belonging to the proprietor at the time of permanent discontinuance of business will be inventoried by denomination by the storekeeper-gauger after which the same may be disposed of and an account made in accordance with §§ 190.719-190.722.

§ 190.944 *Notice, Form 27-B.* When all spirits, indicia bottles, and red strip stamps have been lawfully disposed of, the proprietor shall file Form 27-B, in triplicate, with the district supervisor,

stating the purpose of the filing thereof to be "Permanent discontinuance of business." The district supervisor will forward a copy of the Form 27-B to the Commissioner, with a copy of the report of the Government officer, reflecting compliance with the foregoing provisions of this section.

SUBPART QQ—MANUFACTURE, TAX-PAYMENT, REMOVAL, AND REGISTRATION OF STILLS AND WORMS

§ 190.955 *General.* Whenever rectifiers manufacture or reconstruct stills or worms, or set up, sell, or remove stills or distilling apparatus, they must comply with Regulations 23 (26 CFR Part 181).

(53 Stat. 308, as amended, 314; 26 U. S. C. 2810, 2818)

§ 190.956 *Registry on Form 26.* Every person having in his possession or custody or under his control any still or distilling apparatus that is set up, must register the same on Form 26, in triplicate, with the district supervisor for the district in which it is set up. Stills to be used for the rectification of any type of distilled spirits may be registered for "Rectification of distilled spirits," and the specific type need not be shown. Thereafter, when another type of distilled spirits is to be rectified, the still need not be reregistered. The temporary suspension of a rectifying plant will not necessitate reregistration of the stills. Furthermore, the operation of a rectifying plant by alternating proprietors, where no actual change in ownership occurs, will not require reregistration of the stills by the proprietors. Where there is a change in location or use, or an actual change in ownership of a still, the still must be registered to reflect the change. The district supervisor will, upon approving the registration of a still on Form 26, retain one copy of the form, forward one copy to the Commissioner, and return the remaining copy to the rectifier.

(53 Stat. 308, as amended, 373, as amended; 26 U. S. C. 2810, 3170)

SUBPART RR—LOCKS AND SEALS

§ 190.965 *Furnished by Government.* The Commissioner will furnish, at the expense of the United States, all Government locks and seals required to be used at rectifying plants. District supervisors will see that rectifying plants in their respective districts are fully equipped with locks in good condition and that the necessary seals are provided for seal locks.

§ 190.966 *Where locks are required.* Government locks are required upon the door of the Government room, vault or cabinet, provided in accordance with § 190.895; upon the entrance door of the wine bottling and export storage rooms, if any; upon the manheads, inlets, outlets, and other openings of storage tanks, receiving tanks, and bottling tanks; upon the manheads of gravity tanks; upon the valves in pipe lines which convey spirits from rectifying stills to receiving tanks where the pipe lines are equipped for refluxing the spirits to the stills or for by-passing the berry basket in the case of gin stills, or which convey spirits

into the rectifying plant from contiguous premises; and upon such other valves, stopcocks, and openings in equipment and apparatus as are required by this part or deemed necessary by the district supervisor to be secured with Government locks.

§ 190.967 *Seal locks.* Seal locks will be used on the door of the Government room, vault or cabinet; on the entrance door of the export storage room, if any; and on such other places where the use of seal locks is required by this part or deemed necessary by the district supervisor.

§ 190.968 *Plain locks.* Plain locks will be used at all other places in the rectifying plant where locks are required by this part.

§ 190.969 *Custody of locks.* Government locks when not required for use at plants will be retained in the possession of the district supervisor. Receipts will be taken by district supervisors from storekeeper-gaugers for all locks and seals issued to them. Storekeeper-gaugers are strictly prohibited from intrusting locks, keys, or seals in their possession to any person other than an internal revenue officer entitled to receive them, and under no circumstances will they permit locks to remain open, whether hanging by the shackle or otherwise.

§ 190.970 *Custody of keys.* The Government officer will keep the keys to Government locks in use under his charge in his custody at all times and will not permit them at any time to go into the possession of the rectifier or any other person, except the district supervisor or another Government officer authorized to receive them.

§ 190.971 *Breaking of sealed connections forbidden.* Sealed connections must not be broken by the rectifier except as authorized by the storekeeper-gauger in charge or the district supervisor.

SUBPART SS—OFFICER'S RIGHT OF ENTRY AND EXAMINATION

§ 190.980 *Authority to enter and inspect.* Internal revenue officers have authority under the law to inspect at any reasonable hour the records, liquors, and premises of rectifiers to determine that all provisions of the internal revenue laws and the regulations promulgated thereunder are being complied with. Officers desiring to make inspections will identify themselves by exhibiting their credentials. Any denial of or interference with such inspection by the rectifier, his agents or employees, is a violation of law and will be reported as such for appropriate action.

(53 Stat. 435; 26 U. S. C. 3601)

§ 190.981 *Authority to break up grounds or walls.* Under the law, any internal revenue officer and any persons acting in his aid may break up the ground on any part of the premises of a rectifier or any ground adjoining or near any such premises, or any wall or partition thereof or belonging thereto, or other place, to search for any pipe, cock, private conveyance, or utensil,

RULES AND REGULATIONS

and upon finding any pipe or conveyance leading from or to such premises to break up any ground, house, wall, or other place through or into which such pipe or conveyance leads, and to break or cut away such pipe or other conveyance. Before taking action under the law, the investigating officer should consult with his superior officer or the district supervisor, unless the circumstances are such as to require immediate action.

(53 Stat. 318; 26 U. S. C. 2830)

§ 190.982 *Rectifiers to furnish assistance.* Under the law, on demand of any internal revenue officer, every rectifier shall furnish convenient ladders to enable the officer to examine any vessel or utensil in his rectifying plant, and shall furnish all assistance, lights, tools, or other things necessary for inspecting the premises and apparatus, and shall open all doors, boxes, packages, and all casks, barrels, and other vessels not under the control of the Government officer in charge thereof.

(53 Stat. 317; 26 U. S. C. 2828)

3. The purposes of the regulations are as follows:

(a) To conform to the act of February 21, 1950 (Public Law 448—81st Congress), effective September 1, 1950.

(b) To delegate to district supervisors the authority to approve the establishment of rectifying plants.

(c) To incorporate the regulations governing the gauging of distilled spirits at rectifying plants, now contained in the Gauging Manual (26 CFR, Part 186) but which are being deleted from the current revision of such manual.

(d) To liberalize the requirements pertaining to the separation of rectifying plants from tax-paid bottling houses, wholesale liquor dealer premises, and other rectifying plants operated by the same proprietor or his affiliate or subsidiary.

(e) To require that proprietors of rectifying plants prepare a statement of composition covering spirits to be removed for bottling elsewhere.

(f) To discontinue Form 183, district supervisor's monthly account of rectifying plants.

(g) To prescribe, in lieu of an oath, a declaration subject to the penalties of perjury, for the following forms:

Form 26, "Registry of Stills."

Form 27-B, "Notice by Proprietor of Rectifying Plant."

Form 45, "Rectifier's Monthly Record and Report."

Form 52-F, "Wholesale Liquor Dealer's Monthly Record and Report of Purchases and Sales of Warehouse Receipts for Distilled Spirits."

Form 338, "Wholesale Liquor Dealer's Monthly Report."

Form 702-A, "Winemaker's Report of Production, Receipt, and Disposition of Champagne, Sparkling Wines, and Artificially Carbonated Wines."

Form 1579, "Application for Exchange of Strip Stamps Under Section 2803 (c), I. R. C."

(1) To rearrange the text to conform to the Federal Register Regulations (13 F. R. 5929).

These regulations shall be effective as of September 1, 1950.

[SEAL] GEO. J. SCHOENEMAN,
Commissioner of Internal Revenue.

Approved: July 21, 1950.

THOMAS J. LYNCH,
Acting Secretary of the Treasury.

[F. R. Doc. 50-6601; Filed, July 26, 1950;
8:55 a. m.]

TITLE 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

[Docket No. 9702]

PART 19—CITIZENS RADIO SERVICE

OPERATION OF CITIZENS RADIO STATIONS

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 18th day of July 1950:

The Commission having under consideration a proposed change in the provision of § 19.51 in order to permit the operation of citizens radio stations by any person authorized by the station licensee where manually operated telegraphy transmitting by any type of the Morse Code is not involved;

It appearing, that in accordance with the requirements of section 4 (a) of the Administrative Procedure Act, notice of proposed rule making in the above entitled matter was duly published in the FEDERAL REGISTER on June 30, 1950, at page 4201 thereof, and that the period for submitting comments has expired; and

It further appearing, that several favorable comments have been placed on record urging the adoption of the proposed amendment set forth in the aforesaid notice of proposed rule making, and no adverse comments have been received; and

It further appearing, that in addition to the rule amendment heretofore set forth in the notice of proposed rule making the rule amendment herein ordered provides for two minor editorial changes, (1) designed to clarify the intent of the rule which distinguishes between the normal operation and the adjustments or tests during or coincident with the installation, servicing, or maintenance of a radio station, and (2) changing the name of the "Restricted Radiotelegraph Operator Permit" to "Radiotelegraph Third Class Operator Permit", which latter designation is made pursuant to the Commission's order of June 27, 1950, in Docket 9387.

It further appearing, that because of the nature of the changes described in the preceding paragraph, compliance with the proposed rule making procedure of section 4 of the Administrative Procedure Act is unnecessary and not required; and

It further appearing, that the public convenience and necessity will be served by the amendment herein ordered and that the authority therefor is contained in sections 4 (1), 303 (1) and (r) and 318 of the Communications Act of 1934, as amended; and

It further appearing, that since the amendment herein ordered relieves a restriction existing under the present requirements, it may be made effective immediately upon the publication thereof in accordance with section 4 (c) of the Administrative Procedure Act.

It is ordered, That, effective immediately, § 19.51 of the Commission's rules and regulations governing the Citizens Radio Service is amended to read as follows:

§ 19.51 *Operation of citizens radio stations.* (a) Citizens radio stations, except stations using manually operated telegraphy transmitting by any type of the Morse Code, may during the course of normal rendition of service, be operated by any person: *Provided*, Such operation is authorized by the station licensee who shall be at all times responsible for the use and operation of that station in accordance with all applicable provisions of treaty, laws, and regulations.

(b) Stations using manually operated telegraphy transmitting by any type of the Morse Code may, during the course of normal rendition of service, be operated only by the holders of a radiotelegraph class operator license of either the Radiotelegraph Third Class Operator Permit¹ or higher class.

(c) In any case, however, all transmitter adjustments or tests during or coincident with the installation, servicing, or maintenance of a radio station, which may affect the proper operation of such station, shall be made by or under the immediate supervision and responsibility of a person holding a first- or second-class commercial radio operator license, either radiotelephone or radiotelegraph, as may be appropriate for the type of emission employed, and such person shall be responsible for the proper functioning of the station equipment.

(Sec. 4, 48 Stat. 1066, as amended; 47 U. S. C. 154. Interprets or applies sec. 303, 48 Stat. 1082, as amended; 47 U. S. C. 303)

Released: July 19, 1950.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 50-6581; Filed, July 26, 1950;
8:51 a. m.]

¹Pursuant to the Commission's order of June 27, 1950, in Docket 9387, the Radiotelegraph Third Class Operator Permit will be established as a class of license effective September 1, 1950, on which date the Restricted Radiotelegraph Operator Permit will cease to be issued or renewed. Pending September 1, 1950, and thereafter, a Restricted Radiotelegraph Operator Permit will be accepted in lieu of a Radiotelegraph Third Class Operator Permit so long as such Permit, issued or renewed before September 1, 1950, remains valid and outstanding.

PROPOSED RULE MAKING

DEPARTMENT OF AGRICULTURE

Production and Marketing
Administration

[7 CFR, Part 67]

WOOL CERTIFICATION SERVICE

PROPOSED SUSPENSION

Notice is hereby given pursuant to section 4 of the Administrative Procedure Act (5 U. S. C. 1003) that the Secretary of Agriculture is considering suspending, until further notice, the service conducted by the Department for the determination and certification of the condition (shrinkage or clean content) of wool. This service has been furnished upon request of interested persons under the wool certification regulations (7 CFR Part 67) pursuant to the Agricultural Marketing Act of 1946 (7 U. S. C. 1621 et seq.) and the so-called Farm Products Inspection Act consisting of provisions for the market inspection of farm products recurring in the annual appropriation act for the Department of Agriculture (7 U. S. C. 414).

The wool certification program is a purely voluntary service under such authorities available only upon request. The market price of wool is currently so high that wool producers have been selling their wool without requesting the service. Therefore, it appears that suspension of the service until further notice would be appropriate.

Any interested person who wishes to submit written data, views, or arguments concerning the proposed suspension may do so by filing them with the Director of the Livestock Branch, Production and Marketing Administration, United States Department of Agriculture, Washington 25, D. C., within 15 days after publication of this notice in the FEDERAL REGISTER.

Done at Washington, D. C., this 24th day of July 1950.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 50-6577; Filed, July 26, 1950;
8:50 a. m.]

[7 CFR, Part 939]

[Docket No. AO-89-A1]

HANDLING OF BEURRE D'ANJOU, BEURRE BOSC, WINTER NELIS, DOYENNE DU COMICE, BEURRE EASTER, AND BEURRE CLAIRGEAU VARIETIES OF PEARS GROWN IN OREGON, WASHINGTON, AND CALIFORNIA

DECISION WITH RESPECT TO PROPOSED AMENDMENTS TO THE MARKETING AGREEMENT AND ORDER

Pursuant to Public Act No. 10, 73d Congress (May 12, 1933), as amended and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended (48 Stat. 31, as amended; 7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure governing proceedings to formulate marketing agreements and marketing

orders (7 CFR Part 900), a public hearing was held at Portland, Oregon, beginning on April 10, 1950, at Yakima, Washington, beginning on April 13, 1950, and at Sacramento, California, beginning on April 17, 1950, pursuant to notice thereof published in the FEDERAL REGISTER (15 F. R. 1892), upon proposed amendments to Marketing Agreement No. 89, hereinafter referred to as the "marketing agreement," and Order No. 39 (7 CFR Part 939), hereinafter referred to as the "order," regulating the handling of Beurre D'Anjou, Beurre Bosc, Winter Nelis, Doyenne du Comice, Beurre Easter, and Beurre Clairgeau varieties of pears grown in the States of Oregon, Washington, and California.

Upon the basis of the evidence introduced at the hearing and the record thereof, the Assistant Administrator, Production and Marketing Administration, on June 19, 1950, filed with the Hearing Clerk, United States Department of Agriculture, the recommended decision in this proceeding. The notice of the filing of such recommended decision, affording opportunity to file written exceptions thereto, was published in the FEDERAL REGISTER (15 F. R. 4021).

The material issues and the findings and conclusions of the recommended decision, set forth in the FEDERAL REGISTER (F. R. Doc. 50-5395; 15 F. R. 4021), are hereby approved, adopted, and incorporated herein as the material issues, and the findings and conclusions of this decision as if set forth in full herein, and such findings and conclusions are supplemented to the extent hereinafter set forth.

Rulings on exceptions. Exceptions to the recommended decision were filed by H. B. Murphy, Pinnacle Packing Company, Medford, Oregon. Each of such exceptions was carefully and fully considered, in conjunction with the evidence in the record, in arriving at the findings and conclusions set forth herein.

Exception was taken to the failure of the aforesaid recommended decision to find, with respect to a regulation which establishes "a combination of grades" as the lowest quality of pears that may be handled, that the "component parts of any combination grade can be packed in separate containers." In this connection, the recommended decision clearly stated, together with the reasons and basis therefor, that regulations under the proposed amended marketing agreement and order may limit, in appropriate circumstances, the shipment of the total quantity of any grade of any variety of pears. Consequently, the results derivable through the provisions contended for in this exception may be achieved in the manner permitted in the proposed amended marketing agreement and order.

Exception was taken to the findings and conclusions, and to the effectuating provisions of the amended marketing agreement and order, pertaining to the issuance of regulations by the Secretary. It was contended that the currently effective provisions of the marketing agreement and order do not authorize

the Secretary "to impose more stringent grade and size regulations" than recommended by the Control Committee and that similar restrictions on the authority of the Secretary should, therefore, be incorporated into the provisions of the proposed marketing agreement and order. However, the currently effective regulatory program provides that "in the event of any such recommendation by the Control Committee, and upon the basis thereof and the information and data submitted therewith and any other data, the Secretary may issue a regulation lowering, raising, or modifying the aforesaid minimum grade or minimum sizes, or both, as to any one or more of said varieties of pears * * *." In view of the foregoing, there is no enlargement, insofar as such contention is concerned, of the Secretary's authority to issue regulations. The authority of the Secretary, therefore, should be as set forth in the recommended decision.

Exception was also taken to the regulatory provisions of the proposed amended marketing agreement and order. It was asserted that such provisions would constitute "authority to prorate shipments" and permit the imposition, under the provisions for the establishment of minimum standards, "of grade and size regulations," and limitations "based upon the factor of condition." It is assumed that the reference "to prorate shipments" means to allot to various handlers of pears specified quantities of the total volume of all pear shipments that may be handled by the respective handlers. The proposed amended marketing agreement and order are not designed, nor intended, for such purpose. With respect to the minimum standards of quality which may be made effective it is clearly stated in the recommended decision that such minimum standards may be established, and maintained in effect, only during periods when the seasonal average price of pears may be in excess of the parity price. The level at which any such minimum standards may be fixed is indicated in the recommended decision and should not exceed the lower limits of the grade and size restrictions which are made effective during periods when the seasonal average price of pears is below the parity price.

Exceptions were taken to some of the other findings and conclusions and certain provisions of the amended marketing agreement and order contained in the recommended decision. To the extent that the findings and conclusions contained herein are at variance with any of the exceptions pertaining thereto, such exceptions are denied for the foregoing reasons and on the basis of the findings and conclusions relating to the issues to which the exceptions refer.

Amendments to the marketing agreement and order. Annexed hereto and made a part hereof are two documents entitled, respectively, "Agreement Amending the Marketing Agreement Regulating the Handling of Beurre D'Anjou, Beurre Bosc, Winter Nelis, Doyenne du Comice, Beurre Easter, and Beurre Clairgeau varieties of pears

PROPOSED RULE MAKING

grown in the States of Oregon, Washington, and California," and "Order Amending the Order Regulating the Handling of Beurre d'Anjou, Beurre Bosc, Winter Nells, Doyenne du Comice, Beurre Easter, and Beurre Clairgeau Varieties of Pears Grown in Oregon, Washington and California," which have been decided upon as the appropriate and detailed means of effecting the foregoing conclusions. The aforesaid amendments shall not become effective unless and until the requirements of § 900.14 of the aforesaid rules of practice and procedure governing proceedings to formulate marketing agreements and marketing orders have been met.

It is hereby ordered, That all of this decision, except the attached agreement amending the marketing agreement, be published in the FEDERAL REGISTER. The regulatory provisions of the said agreement are identical with those contained in the attached order which will be published with this decision.

Done at Washington, D. C., this 24th day of July 1950.

[SEAL]

CHARLES F. BRANNAN,
Secretary of Agriculture.

Order¹ Amending the Order Regulating the Handling of Beurre D'Anjou, Beurre Bosc, Winter Nells, Doyenne du Comice, Beurre Easter, and Beurre Clairgeau Varieties of Pears Grown in Oregon, Washington, and California

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¹ This order shall not become effective unless and until the requirements of § 900.14 of the rules of practice and procedure governing proceedings to formulate marketing agreements and marketing orders have been met.

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AUTHORITY: §§ 939.0 to 939.81 issued under 48 Stat. 31, as amended; 7 U. S. C. 601 et seq.

§ 939.0 Findings and determinations. The findings and determinations herein after set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid order; and all of said previous findings and determinations are hereby ratified and affirmed except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein. (For original findings relative issuance Order No. 39, see F. R. Doc. 39-3103; 4 F. R. 3694.)

(a) Findings upon the basis of the hearing record. Pursuant to the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the rules of practice and procedure effective thereunder (7 CFR Part 900), a public hearing was held at Portland, Oregon, beginning on April 10, 1950, at Yakima, Washington, beginning on April 13, 1950, and at Sacramento, California, beginning on April 17, 1950, upon proposed amendments to the marketing agreement and Order No. 39, effective August 26, 1939, regulating the handling of Beurre d'Anjou, Beurre Bosc, Winter Nells, Doyenne du Comice, Beurre Easter, and Beurre Clairgeau varieties of pears grown in the States of Oregon, Washington, and California. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order as hereby amended, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the act;

(2) The said order as hereby amended regulates the handling of Beurre d'Anjou, Beurre Bosc, Winter Nells, Doyenne du Comice, Beurre Easter, and Beurre Clairgeau varieties of pears grown in the States of Oregon, Washington, and California in the same manner as, and is applicable only to persons in the respective classes of industrial and commercial activity specified in, the

marketing agreement upon which hearings have been held;

(3) The said order as hereby amended is limited in its application to the smallest regional production area that is practicable, consistent with carrying out the declared policy of the act; and the issuance of several orders applicable to subdivisions of such regional production area would not effectively carry out the declared policy of the act; and

(4) The said order as hereby amended prescribes such different terms, applicable to different production and marketing areas, as are necessary to give due recognition to differences in the production and marketing of such pears.

It is, therefore, ordered, That, on and after the effective date hereof, the handling of Beurre d'Anjou, Beurre Bosc, Winter Nells, Doyenne du Comice, Beurre Easter, and Beurre Clairgeau varieties of pears grown in the States of Oregon, Washington, and California shall be in conformity to, and in compliance with, the terms and conditions of the aforesaid order as hereby amended; and such order is hereby amended to read as follows:

DEFINITIONS

§ 939.1 Secretary. "Secretary" means the Secretary of Agriculture of the United States.

§ 939.2 Act. "Act" means Public Act No. 10, 73d Congress (May 12, 1933), as amended and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended (48 Stat. 31, as amended; 7 U. S. C. 601 et seq.).

§ 939.3 Person. "Person" means an individual, partnership, corporation, association, legal representative, or any organized group of individuals.

§ 939.4 Pears. "Pears" means and includes any and all of the Beurre d'Anjou, Beurre Bosc, Winter Nells, Doyenne du Comice, Beurre Easter, and Beurre Clairgeau varieties of pears grown in the States of Oregon, Washington, and California.

§ 939.5 Size. "Size" means the number of pears which can be packed in a standard western pear box 18" long, 11½" wide and 8½" deep (inside measurements) when packed in accordance with the packing requirements of the U. S. Standards for Pears, effective July 1, 1939, or as such standards hereafter may be modified or as "size" may be more specifically defined in a regulation issued hereunder.

§ 939.6 Grower. "Grower" means any person engaged in the production of pears, either as owner or as tenant.

§ 939.7 Handler. "Handler" means any person (except a common carrier of pears owned by another person) who, as owner, agent, broker, or otherwise, ships or handles pears, or causes pears to be shipped or handled, in fresh form by rail, truck, boat, or any other means whatsoever.

§ 939.8 Ship or handle. "To ship" or "to handle" means to sell, deliver, handle for shipment, transport, or offer for transportation pears in the current of commerce, or so as directly to burden, obstruct, or affect commerce, from the

State of Oregon, the State of Washington, or the State of California to any point outside thereof.

§ 939.9 *Fiscal period.* "Fiscal period" means the period beginning July 1 of any year and ending June 30 of the following year.

§ 939.10 *Area.* "Area" means and includes the States of Oregon, Washington, and California.

§ 939.11 *District.* "District" means the applicable one of the following-described subdivisions of the area covered by the provisions of this subpart:

(a) Medford District shall include the counties of Jackson, Josephine, Curry, Coos, Douglas, Lane, and Klamath in the State of Oregon.

(b) Hood River-White Salmon-Underwood District shall include all of the State of Oregon not included in the Medford District, and the counties of Skamania and Klickitat in the State of Washington.

(c) Wenatchee District shall include the counties of Chelan, Okanogan, Douglas, and Spokane in the State of Washington.

(d) Yakima District shall include all of the State of Washington not included in the Wenatchee District or in the Hood River-White Salmon-Underwood District.

(e) Placerville District shall include all counties north of the northern boundaries of San Francisco, Contra Costa, San Joaquin, Calaveras, and Alpine Counties in the State of California.

(f) Santa Clara District shall include all of the State of California not included in the Placerville District.

§ 939.12 *Export market.* "Export market" means any destination which is not within the 48 States, or the District of Columbia, of the United States.

CONTROL COMMITTEE

§ 939.20 *Establishment.* A Control Committee, consisting of 12 individual persons as its members, is hereby established to administer the terms and provisions of this subpart as specifically provided in §§ 939.20 to 939.35. There shall be two alternates, designated as the "first alternate" and the "second alternate," respectively, for each member of the committee. Six members of the Control Committee and their respective alternates shall be growers of pears, and six members and their respective alternates shall be handlers of pears. Each district shall be represented on the committee by one grower member and one handler member.

§ 939.21 *Nomination and selection of members and their respective alternates.* The grower members and their respective alternates for each district shall be selected by the Secretary from nominees elected by the growers in such district, and the handler members and their respective alternates for each district shall be selected by the Secretary from nominees elected by the handlers in such district.

§ 939.22 *Meetings for election of nominees.* Nominations for members of the Control Committee and their alternates

shall be made at meetings of growers and handlers held in each of the districts designated in § 939.11 at such times and places as the Control Committee shall designate. At each of such meetings the growers or handlers eligible to participate therein shall select a chairman and a secretary of that meeting. In the election of nominees, each grower and each handler shall be entitled to vote in accordance with the provisions of § 939.23. The chairman of the meeting shall announce at the meeting the name of each person for whom votes have been cast, whether as a member or as an alternate for a member, and the number of votes cast for each such person; and the chairman or the secretary of such meeting shall forthwith transmit such information to the Secretary or his designated representative.

§ 939.23 *Voting.* Only growers in attendance at meetings for election of nominees shall participate in the nomination of grower members and their alternates, and only handlers in attendance at meetings for election of nominees shall participate in the nomination of handler members and their alternates. A grower may participate only in the election held in the district in which he produces pears, and a handler may participate only in the election held in the district or districts in which he handles pears. No person may vote both as a handler and as a grower. Each grower and each handler shall be entitled to cast one vote, on behalf of himself, his agents, partners, affiliates, subsidiaries, and representatives, for each nominee to be elected.

§ 939.24 *Eligibility for membership.* Each grower member and each of his alternates shall be a grower who grows pears in the district in which and for which he is nominated and selected. Each handler member and each of his alternates shall be a handler, or an officer or employee of a handler, handling pears in the district in and for which he is nominated and selected.

§ 939.25 *Failure to nominate.* In the event nominations are not made pursuant to §§ 939.21 and 939.22 on or before June 1 of any year, the Secretary may select members and alternates for members without regard to nominations.

§ 939.26 *Qualifications.* Any person selected by the Secretary as a member or as an alternate for a member of the Control Committee shall qualify by filing a written acceptance with the Secretary within 15 days after being notified of such selection.

§ 939.27 *Term of office.* Each member and each alternate for a member shall serve during the fiscal period for which he has been selected or until his successor is selected and has qualified.

§ 939.28 *Alternates for members of the Control Committee.* The first alternate for a member shall act in the place and stead of the member for whom he is an alternate during such member's absence. In the event of the death, removal, resignation, or disqualification of a member, his first alternate shall act as a member until a successor for the

member is selected and has qualified. The second alternate for a member shall serve in the place and stead of the member for whom he is an alternate whenever both the member and his first alternate are unable to serve.

§ 939.29 *Vacancies.* To fill any vacancy occasioned by the failure of any person selected as a member or as an alternate for a member of the Control Committee to qualify, or in the event of the death, removal, resignation, or disqualification of any qualified member or qualified alternate for a member, a successor for his unexpired term shall be nominated and selected in the manner set forth in §§ 939.20 to 939.35. If nominations to fill any such vacancy are not made within 20 days after such vacancy occurs, the Secretary may fill such vacancy without regard to nominations.

§ 939.30 *Compensation and expenses.* The members and alternates for members of the Control Committee shall serve without compensation, but may be reimbursed for expenses necessarily incurred by them in the performance of their respective duties.

§ 939.31 *Powers of Control Committee.* The Control Committee shall have the following powers:

(a) To administer, as specifically provided in §§ 939.20 to 939.35, the terms and provisions of this subpart;

(b) To make administrative rules and regulations in accordance with, and to effectuate, the terms and provisions of this subpart; and

(c) To receive, investigate, and report to the Secretary complaints of violations of the provisions of this subpart.

§ 939.32 *Duties of Control Committee.* The duties of the Control Committee shall be as follows:

(a) To act as intermediary between the Secretary and any grower or handler;

(b) To keep minutes, books, and records which will reflect clearly all of the acts and transactions of the Control Committee, which minutes, books, and records shall be subject at any time to examination by the Secretary or by such person as may be designated by the Secretary;

(c) To investigate, from time to time, and to assemble data on the growing, harvesting, shipping, and marketing conditions relative to pears, to engage in such research and service activities relative to the handling of pears as may be approved by the Secretary, and to furnish to the Secretary such available information as may be requested;

(d) To perform such duties as may be assigned to it from time to time by the Secretary in connection with the administration of section 32 of the act to amend the Agricultural Adjustment Act, and for other purposes, Public Act No. 320, 74th Congress, approved August 24, 1935 (49 Stat. 774), as amended;

(e) To cause the books of the Control Committee to be audited by one or more competent accountants at the end of each fiscal year and at such other times as the Control Committee may deem necessary or as the Secretary may request,

and to file with the Secretary copies of any and all audit reports made;

(f) To appoint such employees as it may deem necessary, and to determine the salaries and define the duties of such employees;

(g) To give the Secretary, or the designated agent of the Secretary, the same notice of meetings of the Control Committee as is given to the members of the Control Committee;

(h) To select a chairman of the Control Committee and, from time to time, such other officers as it may deem advisable; and

(i) To submit to the Secretary each fiscal period a budget of its expenses during that fiscal year.

§ 939.33 Procedure of Control Committee—(a) Quorum and voting. A quorum shall consist of nine members, or alternates then serving in the place and stead of any members, in attendance at the meeting. Except as otherwise provided in § 939.52, all decisions of the Control Committee shall be made by not fewer than seven affirmative votes.

(b) *Mail voting.* The Control Committee may provide for members voting by mail, telephone, or telegraph, upon due notice to all members. Promptly after voting by telephone or telegraph, each member thus voting shall confirm in writing, the vote so cast.

§ 939.34 Rights of the Secretary. The members and alternates for members of the Control Committee and any agent or employee appointed or employed by the Control Committee shall be subject to removal or suspension by the Secretary at any time. Each and every regulation, decision, determination, or other act of the Control Committee shall be subject to the continuing right of the Secretary to disapprove of the same at any time, and, upon such disapproval, shall be deemed null and void, except as to acts done in reliance thereon or in compliance therewith prior to such disapproval by the Secretary.

§ 939.35 Funds and other property. (a) All funds received by the Control Committee pursuant to any of the provisions of this subpart shall be used solely for the purposes herein specified, and the Secretary may require the Control Committee and its members to account for all receipts and disbursements.

(b) Upon the death, resignation, removal, disqualification, or expiration of the term of office of any member or employee of the Control Committee, all books, records, funds, and other property in his possession belonging to the Control Committee shall be delivered to his successor in office or to the Control Committee, and such assignments and other instruments shall be executed as may be necessary to vest in such successor or in the Control Committee full title to all the books, records, funds, and other property in the possession or under the control of such member or employee pursuant to this subpart.

EXPENSES AND ASSESSMENTS

§ 939.40 Expenses. The Control Committee is authorized to incur such expenses as the Secretary finds may be

necessary to carry out its functions under this subpart. The funds to cover such expenses shall be acquired by the levying of assessments as provided in § 939.41.

§ 939.41 Assessments. Assessments will be levied only upon the handler who first handles pears which subsequently are shipped from the State of Oregon, the State of Washington, or the State of California. Such handler shall pay to the Control Committee, upon demand, such handler's pro rata share of the expenses which the Secretary finds necessarily will be incurred by the Control Committee for the maintenance and functioning of the Control Committee during each fiscal period. Such handler's pro rata share of such expenses shall be that proportion thereof which the total quantity of pears first handled by that handler during such fiscal period is of the total quantity of pears first handled by all handlers during that fiscal period. The Secretary shall fix the rate of assessment to be paid by such handler, which rate may be adjusted from time to time by the Control Committee, with the approval of the Secretary, in order to cover any later findings by the Secretary of estimated expenses or the actual expenses of the Control Committee during said fiscal period.

§ 939.42 Handler accounts. At the end of each fiscal period the Control Committee shall credit each handler assessed with any amount paid by such handler in excess of his pro rata share of the expenses, or shall debit such handler with the deficiency between his pro rata share and the amount paid by him. Any such debits shall become due and payable upon demand by the Control Committee.

§ 939.43 Use of funds. From the funds acquired pursuant to § 939.41 the Control Committee shall pay the salaries of its employees, if any, and pay the expenses necessarily incurred in the performance of the duties of the Control Committee.

§ 939.44 Collection of unpaid assessments. The Control Committee, with the approval of the Secretary, may institute and maintain, in its own name or in the names of its members, legal proceedings against any handler assessed for the collection of such handler's pro rata share of the aforesaid expenses.

REGULATION OF SHIPMENTS

§ 939.50 Recommendation by the Control Committee. (a) It shall be the duty of the Control Committee to investigate, from time to time, supply and demand conditions relative to pears and each grade, size, and quality of each variety thereof. Such investigations by the Control Committee shall be with respect to the following: (1) Estimated production of each variety of pears and of each grade, size and quality thereof; (2) prospective supplies and prices of Bartlett pears and other fruits, both in fresh and processed form, which are competitive to the marketing of pears; (3) prospective exports of pears and imports of pears from other producing areas; (4) probable harvesting period for each variety of pears; (5) the trend and level of con-

sumer income; (6) general economic conditions; and (7) other relevant factors.

(b) On or before August 1 of each year, the Control Committee shall recommend regulations to the Secretary if it finds, on the basis of the foregoing investigations, that such regulation as is provided in § 939.51 will tend to effectuate the declared policy of the act.

(c) In the event the Control Committee at any time finds that by reason of changed conditions any regulation issued pursuant to § 939.51 should be modified, suspended, or terminated, it shall so recommend to the Secretary.

§ 939.51 Issuance of regulations; and modification, suspension, or termination thereof. (a) Whenever the Secretary finds, from the recommendations and information submitted by the Control Committee, or from other available information, that regulation, in the manner specified in this section, of the shipment of pears would tend to effectuate the declared policy of the act, he shall so limit the shipment of pears during a specified period or periods. Such regulation: (1) May limit the total quantity of any grade, size, quality, or combinations thereof, of any variety of pears grown in any district and may prescribe different requirements applicable to shipments to different export markets; or (2) may prescribe minimum standards of quality for any variety of pears and limit the shipment thereof to those meeting such minimum standards.

(b) Whenever the Secretary finds, from the recommendations and information submitted by the Control Committee, or from other available information, that a regulation should be modified, suspended, or terminated with respect to any or all shipments of pears grown in any district in order to effectuate the declared policy of the act, he shall so modify, suspend, or terminate such regulation. If the Secretary finds, from the recommendations and information submitted by the Control Committee, or from other available information, that a regulation obstructs or does not tend to effectuate the declared policy of the act, he shall suspend or terminate such regulation. On the same basis and in like manner the Secretary may terminate such modification or suspension.

§ 939.52 Prerequisites to committee recommendations. (a) Decisions of the Control Committee with respect to any recommendation to the Secretary pursuant to the provisions of § 939.50 shall be made by an affirmative vote of not less than 80 percent of the applicable total number of votes, computed in the manner hereinafter prescribed in this section, of all committee members.

(b) With respect to a particular variety of pears, the applicable total number of votes shall be the aggregate of the votes allotted to the members of the committee in accordance with the following: Each member shall have one vote as an individual and, in addition, shall have an equal share of the vote of the district represented by such member; and such district vote shall be computed by the Control Committee as soon as practical after the beginning of each fiscal period

on the basis of one vote for each 25,000 boxes of the average quantity (rounded to the nearest 25,000 boxes) of such variety produced in the particular district and shipped therefrom during the immediately preceding three fiscal periods to destinations outside the State in which produced. The votes so allotted to a member of the committee may be cast by such member on each recommendation relative to the variety of pears on which such votes were computed.

§ 939.53 *Notification.* (a) The Control Committee shall give prompt notice to growers and handlers of each recommendation to the Secretary pursuant to the provisions of § 939.50.

(b) The Secretary shall immediately notify the Control Committee of the issuance of each regulation and of each modification, suspension, or termination of a regulation and the Control Committee shall give prompt notice thereof to growers and handlers.

§ 939.54 *Exemption certificates.* (a) As soon as practicable after the beginning of each fiscal period the Control Committee shall adopt and announce the procedural rules by which exemption certificates may be issued to growers. The Control Committee shall determine the percentage which the grades and sizes of each variety of pears permitted to be shipped from each district under the regulation bears to the total quantity of each variety of pears which could be shipped from that district in the absence of regulation. An exemption certificate may thereafter be granted to any grower who furnishes proof that he will be prevented, because of the regulation in effect, from shipping a percentage of a particular variety of his pears equal to the percentage of pears of that particular variety permitted to be shipped from his district as determined by the Control Committee. Such exemption certificate shall permit the grower to ship that quantity of the particular variety of pears of the regulated grades and sizes of such variety as will enable him to ship as large a percentage of such variety of his pears as the average percentage of that particular variety of pears that is permitted to be shipped by all growers in his district.

(b) In the event the Control Committee shall determine and report to the Secretary that, by reason of general crop failure or other extraordinary conditions within a particular district, it is not feasible and would not be equitable to issue exemption certificates to growers within that district on the basis of the average percentage of the pears grown in the district which may be shipped in compliance with the requirements of § 939.51, the Secretary may prescribe such other basis for the issuance of such certificates to growers within that district as he may find to be feasible, equitable, and proper.

(c) The Secretary shall have power to modify, change, alter, or amend any procedural rules and any exemption granted under this section.

INSPECTION

§ 939.60 *Inspection and certification.* No handler shall ship any pears not

theretofore inspected, and a certificate issued with respect thereto, by a duly authorized representative of the Federal-State Inspection Service: *Provided*, That such inspection and certification of shipments of pears may be performed by such other inspection service as the Control Committee, with the approval of the Secretary, may designate. Promptly after shipment of any pears, the handler shall submit, or cause to be submitted, to the Control Committee a copy of the inspection certificate issued on such shipment.

EXCEPTIONS

§ 939.65 *Exemption from regulation.* (a) Nothing contained in this subpart shall limit or authorize the limitation of shipment of pears for consumption by charitable institutions or distribution by relief agencies or conversion into by-products, nor shall any assessment be computed on pears so shipped. The Control Committee may prescribe regulations to prevent pears shipped for either of such purposes from entering commercial fresh-fruit channels of trade contrary to the provisions of this subpart.

(b) The Control Committee shall prescribe rules and regulations, to become effective upon the approval of the Secretary, whereby shipments of pears in individual gift packages may be exempted from the provisions of this subpart.

(c) The Control Committee may, with the approval of the Secretary, designate storage warehouses within the area and prescribe rules and regulations whereby pears may be shipped to such storage warehouses exempt from the provisions of this subpart: *Provided*, That pears so shipped shall not thereafter be handled contrary to the provisions of this subpart.

MISCELLANEOUS PROVISIONS

§ 939.70 *Reports.* Upon the request of the Control Committee, subject to the disapproval of the Secretary, each handler shall furnish to the Control Committee, in such manner and at such times as it prescribes, such information as will enable it to perform its duties under this subpart.

§ 939.71 *Compliance.* Except as provided in § 939.65, no handler shall ship any pears contrary to the applicable restrictions and limitations specified in, or effective pursuant to, the provisions of this subpart.

§ 939.72 *Duration of immunities.* The benefits, privileges, and immunities conferred by virtue of this subpart shall cease upon termination hereof, except with respect to acts done under and during the existence of this subpart.

§ 939.73 *Separability.* If any provision of this subpart is declared invalid, or the applicability thereof to any person, circumstance, or thing is held invalid, the validity of the remaining provisions and the applicability thereof to any other person, circumstance, or thing shall not be affected thereby.

§ 939.74 *Derogation.* Nothing contained in this subpart is or shall be con-

strued to be in derogation of, or in modification of, the rights of the Secretary or of the United States to exercise any powers granted by the act or otherwise, or, in accordance with such powers, to act in the premises whenever such action is deemed advisable.

§ 939.75 *Liability of Control Committee members.* No member or alternate for a member of the Control Committee, nor any employee or agent thereof, shall be held personally responsible, either individually or jointly with others, in any way whatsoever, to any party under this subpart or to any other person for errors in judgment, mistakes, or other acts, either of commission or omission, as such member, alternate for a member, or employee, except for acts of dishonesty.

§ 939.76 *Agents.* The Secretary may name, by a designation in writing, any person, including any officer or employee of the Government, or any bureau or division in the Department of Agriculture to act as his agent or representative in connection with any of the provisions of this subpart.

§ 939.77 *Effective time.* The provisions of this subpart shall become effective August 26, 1939, and shall continue in force until terminated in one of the ways specified in § 939.78.

§ 939.78 *Termination.* (a) The Secretary may at any time terminate this subpart.

(b) The Secretary shall terminate or suspend the operation of any or all of the provisions of this subpart whenever he finds that such operation obstructs or does not tend to effectuate the declared policy of the act.

(c) The Secretary shall terminate the provisions of this subpart at the end of any fiscal period whenever he finds that such termination is favored by a majority of the growers of pears who, during such fiscal period, have been engaged in the area in the production of pears for market: *Provided*, That such majority have produced for market during such period more than 50 percent of the volume of pears produced for market in the area; but such termination shall be effective only if announced on or before June 30 of that fiscal period.

(d) The provisions of this subpart shall terminate, in any event, whenever the provisions of the act authorizing the same cease to be in effect.

§ 939.79 *Proceedings after termination.* (a) Upon the termination of this subpart, the members of the Control Committee then functioning shall continue as joint trustees for the purpose of liquidating all funds and property then in the possession or under the control of the Control Committee, including claims for any funds unpaid or property not delivered at the time of such termination.

(b) The joint trustees shall continue in such capacity until discharged by the Secretary; from time to time account for all receipts and disbursements; deliver all funds and property on hand, together with all books and records of the Control Committee and of the joint

trustees, to such person as the Secretary shall direct; and, upon the request of the Secretary, execute such assignments or other instruments necessary and appropriate to vest in such person full title to all of the funds or claims vested in the Control Committee or in said joint trustees.

(c) Any funds collected pursuant to this subpart and held by such joint trustees or such person over and above the amounts necessary to meet outstanding obligations and the expenses necessarily incurred by the joint trustees or such other person in the performance of their duties under this subpart, as soon as practicable after the termination hereof, shall be returned to the handlers pro rata in proportion to their contributions thereto.

(d) Any person to whom funds, property, or claims have been delivered by the Control Committee or its members, upon direction of the Secretary, as provided in this section, shall be subject to the same obligations and duties with respect to said funds, property, or claims as are imposed upon the members of said Committee or upon said joint trustees.

§ 939.80 *Amendments.* Amendments to this subpart may be proposed from time to time by the Control Committee or by the Secretary.

§ 939.81 *Effect of termination or amendment.* Unless otherwise expressly provided by the Secretary, the termination of this subpart or of any regulation issued pursuant to this subpart or the issuance of any amendment to either, shall not (a) affect or waive any right, duty, obligation, or liability which shall have arisen or which may thereafter arise in connection with any provision of this subpart or any regulation issued hereunder, or (b) release or extinguish any violation of this subpart or of any regulation issued hereunder, or (c) affect or impair any rights or remedies of the Secretary or of any other person with respect to any such violation.

[P. R. Doc. 50-6572; Filed, July 26, 1950; 8:49 a. m.]

[7 CFR, Part 939]

[Docket No. AO-99-A1]

HANDLING OF BEURRE D'ANJOU, BEURRE BOSC, WINTER NELIS, DOYENNE DU COMICE, BEURRE EASTER, AND BEURRE CLAIRGEAU VARIETIES OF PEARS GROWN IN OREGON, WASHINGTON, AND CALIFORNIA

ORDER DIRECTING THAT REFERENDUM BE CONDUCTED; DESIGNATION OF AGENTS TO CONDUCT REFERENDUM; DETERMINATION OF REPRESENTATIVE PERIOD

Pursuant to the applicable provisions of Public Act No. 10, 73d Congress (May 12, 1933), as amended and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended (48 Stat. 31, as amended; 7 U. S. C. 601 et seq.), it is hereby directed that a referendum be conducted among the producers who, during the period July 1, 1949 to June 30, 1950, both dates

inclusive (which period is hereby determined to be a representative period for the purpose of such referendum), were engaged, within the States of Oregon, Washington, and California, in the production of Beurre D'Anjou, Beurre Bosc, Winter Nelis, Doyenne du Comice, Beurre Easter, and Beurre Clairgeau varieties of pears for market, to ascertain whether such producers favor the issuance of an order amending Order No. 39, effective August 26, 1939, regulating the handling of the aforesaid varieties of pears grown in the said States. The said amendatory order is annexed to the decision of the Secretary of Agriculture filed¹ simultaneously herewith.

W. J. Broadhead and Robert H. Eaton of the Fruit and Vegetable Branch, Production and Marketing Administration, United States Department of Agriculture, are hereby designated agents of the Secretary of Agriculture to perform, jointly or severally, the following functions in connection with the referendum:

(a) Conduct said referendum in the manner herein prescribed:

(1) By determining the time of commencement and termination of the period of the referendum, and by giving opportunity to each of the aforesaid producers to cast his ballot in the manner herein authorized, relative to the aforesaid amendatory order, on a copy of the appropriate ballot form. A cooperative association of such producers, bona fide engaged in marketing the aforesaid varieties of pears grown in the said States or in rendering services for or advancing the interests of the producers of such pears, may vote for the producers who are members of, stockholders in, or under contract with such cooperative association (such vote to be cast on a copy of the appropriate ballot form), and the vote of such cooperative association shall be considered as the vote of such producers.

(2) By giving public notice, as prescribed in (a) (3) hereof, (i) of the time during which the referendum will be conducted, (ii) that any ballot may be cast by mail, (iii) that all ballots so cast must be addressed to W. J. Broadhead, Field Representative, Western Marketing Field Office, Fruit and Vegetable Branch, 515 S. W. Tenth Avenue, Portland 5, Oregon, and (iv) of the time prior to which such ballots must be postmarked.

(3) By giving public notice (i) by utilizing (without advertising expense) available agencies of public information, including both press and radio facilities serving the States of Oregon, Washington, and California; (ii) by mailing a notice thereof (including a copy of the text of the amendatory order and a copy of the appropriate ballot form) to each such cooperative association and to each producer whose name and address is known; and (iii) by such other means as said referendum agents may deem advisable.

(4) By conducting meetings of producers and arranging for balloting at the meeting places, if said referendum agents determine that voting shall be at

meetings. At each such meeting, balloting shall continue until all of the producers who are present, and who desire to do so, have had an opportunity to vote. Any producer may cast his ballot at any such meeting in lieu of voting by mail.

(5) By giving ballots and copies of the text of the amendatory order to producers at the meeting; and receiving any ballots when they are cast.

(6) By securing the name and address of each person casting a ballot, and inquiring into the eligibility of such person to vote in the referendum. Any individual casting a ballot on behalf of a producer shall submit, with the ballot, evidence of his authority to cast such ballot, which evidence in the case of a corporation or a cooperative association shall be in the form of a certified copy of a resolution of the Board of Directors.

(7) By giving reasonable advance public notice of the time and place of each meeting authorized hereunder, and, so far as may be practicable, by giving additional notice in the manner prescribed in paragraph (a) (3) hereof.

(8) By appointing any county agricultural agent, and by authorizing the chairman of the State Production and Marketing Administration committees in the States of Oregon, Washington, and California to appoint any member or members of a county Production and Marketing Administration committee in their respective States, and by appointing any other persons deemed necessary or desirable, to assist the said referendum agents in performing their duties hereunder. Each such person so appointed shall serve without compensation; and may be authorized by the said referendum agents to perform any or all of the functions set forth in paragraphs (a) (3), (4), (5), (6), and (7) hereof (which, in the absence of such appointment of subagents, shall be performed by said referendum agents) in accordance with the requirements herein set forth; and shall forward to W. J. Broadhead, Field Representative, Western Marketing Field Office, Fruit and Vegetable Branch, 515 S. W. Tenth Avenue, Portland 5, Oregon, immediately after the close of the referendum, the following:

(i) A list containing the name and address of each producer to whom a ballot form was given;

(ii) A list containing the name and address of each producer from whom an executed ballot was received;

(iii) All of the ballots received by the respective referendum agent or appointee (as the case may be) in connection with the referendum, together with a certificate to the effect that the ballots forwarded are all of the ballots cast and which were received by the respective agent or appointee during the referendum period;

(iv) A statement showing when and how notice of referendum was given and, if the notice was mailed to producers, the mailing list showing the names and addresses to which the notice was mailed and the time of such mailing; and

(v) A detailed statement reciting the method used in giving publicity of such referendum.

¹ See P. R. Doc. 50-6572, *supra*.

(b) Each referendum agent and appointee pursuant hereto shall not refuse to accept a ballot submitted or cast; but should they, or any of them, deem that a ballot should be challenged for any reason, or, if such ballot is challenged by any other person, said agent or appointee shall endorse above his signature, on the back of said ballot, a statement that such ballot was challenged, by whom challenged, and the reasons therefor; and the number of such challenged ballots shall be stated when they are forwarded as provided herein.

(c) Upon receipt by W. J. Broadhead of all ballots cast and such other documents as are required pursuant hereto, the ballots shall be canvassed by him and the results of the referendum shall be forwarded with the ballots and other required documents to the Fruit and Vegetable Branch, Production and Mar-

keting Administration, United States Department of Agriculture, Washington 25, D. C.

(d) The Fruit and Vegetable Branch shall prepare and submit to the Secretary a detailed report covering the results of the referendum, the manner in which the referendum was conducted, the extent and kind of public notice given, and all other information pertinent to the full analysis of the referendum and its results.

(e) All ballots shall be kept confidential.

The Director of the Fruit and Vegetable Branch, Production and Marketing Administration, United States Department of Agriculture, is hereby authorized to prescribe additional instructions, not inconsistent with the provisions hereof, to govern the procedure to be followed by the said referendum agents and

appointees in conducting said referendum.

Copies of the text of the aforesaid amendatory order may be examined in the Office of the Hearing Clerk, United States Department of Agriculture, Room 1353, South Building, Washington 25, D. C., and at the Western Marketing Field Office, Fruit and Vegetable Branch, Production and Marketing Administration, United States Department of Agriculture, 515 S. W. Tenth Avenue, Portland 5, Oregon.

Ballots to be cast in the referendum may be obtained from any referendum agent, and any appointee hereunder.

Done at Washington, D. C., this 24th day of July 1950.

[SEAL]

CHARLES F. BRANNAN,
Secretary of Agriculture.

[P. R. Doc. 50-6573; Filed, July 26, 1950; 8:49 a. m.]

NOTICES

DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

SALES OF RED KIDNEY BEANS AT FIXED PRICES

SUPPLEMENT TO JULY EXPORT PRICE LIST

Pursuant to the Pricing Policy of Commodity Credit Corporation issued March 22, 1950 (15 F. R. 1583), and subject to the conditions stated therein, the following commodity is added to the list of commodities available for export sale to commercial exporters during the month of July 1950:

Red Kidney beans, 1949 crop: \$6.50 per 100 pounds basis U. S. No. 1, delivered f. a. s. California or East Coast Ports.

Discount for lower grades: U. S. No. 2, 25 cents; U. S. No. 3, 50 cents.

(Public Law 439, 81st Cong.)

Issued this 24th day of July 1950.

[SEAL]

RALPH S. TRIGG,

President,

Commodity Credit Corporation.

[P. R. Doc. 50-6599; Filed, July 26, 1950; 8:54 a. m.]

DEPARTMENT OF DEFENSE

Department of the Army

[Gen. Order 1]

CHICAGO, ROCK ISLAND & PACIFIC RAILROAD CO.

OPERATION

1. Operation of the Chicago, Rock Island & Pacific Railroad Company by existing management. The authority and functions of this carrier, whose transportation system has been taken pursuant to the provision of Executive Order No. 10141, shall be as prescribed in the Executive Order, subject to such further orders or regulations as The Secretary of the Army or his authorized delegates may prescribe as therein provided. Any protest against any such order or regulation shall be made to The

Chief of Transportation, Department of the Army, by the carrier or other person aggrieved, by registered mail or telegram, within ten (10) days after the receipt of the particular order or regulation or the publication of such order or regulation in the FEDERAL REGISTER, whichever first occurs.

2. Suits, attachments, and garnishments permitted until further order. Until further order, the Chicago, Rock Island & Pacific Railroad will remain subject to suit as heretofore, and to the levy of attachments by mesne process, garnishment, execution or otherwise, on or against its property and assets, but no receivership, reorganization, or similar proceeding affecting it shall be instituted without the prior written consent of The Chief of Transportation, Department of the Army.

[SEAL]

F. A. HEILEMAN,

Major General, U. S. Army,

Chief of Transportation.

[P. R. Doc. 50-6578; Filed, July 25, 1950; 8:50 a. m.]

DEPARTMENT OF STATE

[Public Notice 52]

FIELD ORGANIZATION

Pursuant to the requirements of section 3 (a) (1) of the Administrative Procedure Act (5 U. S. C. 1002; 60 Stat. 238), the Field Organization of the Department of State, as published in the FEDERAL REGISTER for May 3, 1950 (15 F. R. 2498), is amended as follows:

Effective May 31, 1950, the Consular Agency at Matagalpa, Nicaragua, is closed.

For the Secretary of State.

J. CARNEY HOWELL,

Director,

Office of Management and Budget.

JULY 12, 1950.

[P. R. Doc. 50-6579; Filed, July 26, 1950; 8:51 a. m.]

[Public Notice 53]

FIELD ORGANIZATION

Pursuant to the requirements of section 3 (a) (1) of the Administrative Procedure Act (5 U. S. C. 1002; 60 Stat. 238), the Field Organization of the Department of State, as published in the FEDERAL REGISTER for May 3, 1950 (15 F. R. 2498), is amended as follows:

The Consulate at Patras, Greece has been officially closed, effective July 15, 1950.

Functions other than those relating to United States Information and Educational Exchange operations which have previously been performed by Patras are now being discharged by the American Embassy at Athens.

Information and Educational Exchange operations at Patras will continue tentatively through December 31, 1950.

For the Secretary of State.

J. CARNEY HOWELL,

Director,

Office of Management and Budget.

JULY 20, 1950.

[P. R. Doc. 50-6580; Filed, July 26, 1950; 8:51 a. m.]

DEPARTMENT OF LABOR

Wage and Hour Division

LEARNER EMPLOYMENT CERTIFICATES

ISSUANCE TO VARIOUS INDUSTRIES

Notice is hereby given that pursuant to section 14 of the Fair Labor Standards Act of 1938, as amended (52 Stat. 1068, as amended; 29 U. S. C. and Supp. 214), and Part 522 issued thereunder (29 CFR Part 522), special certificates authorizing the employment of learners at hourly wage rates lower than the minimum wage rate applicable under section 6 of the act have been issued to the firms listed below. The employment of learners under these certificates is limited to the terms and conditions therein contained and

is subject to the provisions of Part 522. The effective and expiration dates, occupations, wage rates, number or proportion of learners, and learning period for certificates issued under the general learner regulations (§§ 522.1 to 522.14) are as indicated below; conditions provided in certificates issued under special industry regulations are as established in those regulations.

Single Pants, Shirts and Allied Garments, Women's Apparel, Sportswear and Other Odd Outerwear, Rainwear, Robes and Leather and Sheep-Lined Garments Divisions of the Apparel Industry, Learner Regulations (29 CFR 522.160 to 522.165; as amended, January 25, 1950 (15 F. R. 399)).

A. J. Manufacturing Co., Coopersburg, Pa., effective 7-3-50 to 7-25-50; 10 percent learners (blouses and dresses).

Capitol Manufacturing Co., Inc., 74 Kilborn Street, New Bedford, Mass., effective 7-3-50 to 7-25-50; 10 percent learners (dresses).

Connie Lee Frocks, 12-14 South Street, Wilkes Barre, Pa., effective 7-10-50 to 7-25-50; 10 learners for expansion only (dresses).

Donovan Manufacturing Co., 214 West Ennis Avenue, Ennis, Tex., effective 2-3-50 to 7-25-50; an additional 14 learners for expansion only (dresses, blouses, etc.).

Fit-well Underwear Manufacturing Co., 613-15 Prairie Avenue, Houston, Tex., effective 2-8-50 to 7-25-50; an additional 10 learners for expansion only (ladies underwear, nightwear, etc.).

Gen-Mar Sportswear, Third and Carroll Streets, St. Claire, Pa., effective 7-3-50 to 7-25-50; 10 percent learners (blouses and dresses).

Globe Pants Manufacturing Co., 300 Plymouth Avenue, Fall River, Mass., effective 7-10-50 to 7-25-50; 10 percent learners (single pants).

Hardwick Woolen Mills, Inc., Clothing Factory Division, Church Street, Cleveland, Tenn., effective 7-10-50 to 7-25-50; 14 learners (single pants).

Harvie Manufacturing Co., 88 Hallen Avenue, Somerset, Mass., effective 7-3-50 to 7-25-50; 10 percent learners (children's wear).

Hayti Manufacturing Co., Hayti, Mo., effective 2-3-50 to 7-25-50; 50 learners (sports-wear).

Leslie Ann, Inc., Sixth and Colliery Avenue, Tower City, Pa., effective 7-6-50 to 7-25-50; 10 percent learners (dresses).

Liberty Trousers Co., 2211 First Avenue, Birmingham, Ala., effective 7-3-50 to 7-25-50; 10 percent learners (pants, overalls, etc.).

Augustine Lore, 55 Pike Street, Port Jervis, N. Y., effective 7-3-50 to 7-25-50; 10 percent learners (ladies woven underwear).

Movietone Frocks, Inc., 708 Jackson Street, Dallas, Tex., effective 7-3-50 to 7-25-50; 10 percent learners (ladies outer wearing apparel).

Myco Manufacturing Co., Inc., Wilburton, Pa., effective 7-3-50 to 7-25-50; 10 percent of productive factory workers (housecoats).

O'Connell Sportswear, 117 Main Street, Dalton, Pa., effective 7-7-50 to 7-25-50; an additional four learners for expansion purposes (dresses).

Par Manufacturing Corp., 216 Front Street, Catawauqua, Pa., effective 7-3-50 to 7-25-50; 10 percent learners (dresses, skirts, blouses).

Quaker Dress Co., 2014 North Fourth Street, Harrisburg, Pa., effective 7-6-50 to 7-25-50; 40 learners for expansion (dresses).

R & G Sportswear Corp., 1216 Main Street, Northampton, Pa., effective 2-3-50 to 7-25-50; 10 learners (mens' shirts).

Reade Shirts, Inc., Malden, Mo., effective 7-3-50 to 7-25-50; 10 percent learners (shirts).

Schramm & Schnieg Co., 200 North Fourth Street, Burlington, Iowa, effective 7-7-50 to 7-25-50; four learners (work clothing).

Hosiery Learner Regulations (29 CFR 522.40 to 522.51; as revised January 25, 1950 (15 F. R. 283)).

Hollyvogue of California, Los Angeles, Calif., supplemental expansion certificate, effective 7-5-50 to 3-4-51; 44 learners.

Jefferies Dyeing Works, Inc., Chester, Pa., expansion certificate, effective 6-30-50 to 3-1-51; 15 learners.

Park Knitting Co., Little Chute, Wis., expansion certificate, effective 6-30-50 to 3-1-51; three learners.

Roan Hosiery Co., Inc., Harriman, Tenn., effective 7-3-50 to 3-2-51; 15 learners.

Stansfield Knitting Mills, Winona, Minn., effective 6-28-50 to 6-27-51; four learners.

Stylewise Mills, Inc., Carrollton, Ga., effective 6-30-50 to 3-1-51; 15 learners.

Knitted Wear Learner Regulations (29 CFR 522.63 to 522.79; as amended January 25, 1950 (15 F. R. 398)).

Carolina Corps, Clover, S. C., effective 7-3-50 to 7-25-50; three learners.

Formtex Sportswear Corp., 114 South Front Street, Quakertown, Pa., effective 7-3-50 to 7-25-50; 5 percent of productive factory workers.

Iredell Knitting Mills, Inc., Statesville, N. C., effective 7-3-50 to 7-25-50; five learners.

Myrna Mills, 706 Forrest Street, Charlottesville, Va., effective 7-3-50 to 7-25-50; 5 percent of productive factory workers.

Rielly Co., Inc., Valatie, N. Y., effective 2-8-50 to 7-25-50; 5 percent of productive factory workers.

Regulations Applicable to the Employment of Learners (29 CFR 522.1 to 522.14).

Andrew Bearing Co., Spartanburg, S. C., effective 7-25-50 to 7-24-51; 10 percent of total productive factory force; machine operators, 480 hours, 60 cents per hour for the first 320 hours and not less than 65 cents per hour for the remaining 160 hours (ball bearings).

Artcraft Mantel Co., Inc., Englewood, Tenn., effective 7-25-50 to 1-24-51; four learners; sander, 320 hours, finisher, 320 hours, machine operator, 320 hours, assembler, 320 hours, 60 cents (furniture).

Continental Springs Co., Houston, Tex., effective 7-6-50 to 1-5-51; 10 percent of total productive factory force; assembler, border man, machine operator, 480 hours; 60 cents per hour for the first 320 hours and 65 cents per hour for the remaining 160 hours (coil bedsprings).

The Gaines Co., Gaines, Pa., effective 7-7-50 to 1-6-51; two learners; fly tiers, 480 hours, 60 cents per hour for the first 320 hours and 65 cents per hour for the remaining 160 hours (trout flies, nylon leaders).

Johnson Electric Motor Co., Shreveport, La., effective 6-27-50 to 12-26-50; two learners; automotive electric unit rebuilder 480 hours; 60 cents per hour for the first 320 hours and 65 cents per hour for the remaining 160 hours (rebuilding generators, etc.).

Levan-Gehrke Textile Mills, Inc., Fleetwood, Pa., effective 7-7-50 to 1-6-51; two learners; embroidery machine watcher, 240 hours; embroidery machine spanner, 240 hours, 60 cents (embroidery clocks or men's seamless hosiery).

Mike Mennies & Son, Philadelphia, Pa., effective 7-25-50 to 1-24-51; 20 learners; hand sewers, 200 hours, 60 cents (slipper socks).

Montag Bros., Inc., Atlanta, Ga., effective 7-25-50 to 1-24-51; 15 learners; box maker, 240 hours; envelope maker, 240 hours; pressman, 480 hours, 65 cents (stationery).

Pagano Bros., Inc., Vineland, N. J., effective 6-28-50 to 12-27-50; one learner; automotive electrician, 480 hours; 60 cents per hour for

the first 320 hours and 65 cents per hour for the remaining 160 hours (wholesalers and retailers of auto parts).

Video Products Corp., Red Bank, N. J., effective 7-25-50 to 1-25-51; 20 learners; solderer, 160 hours; wirer, 160 hours; assembler, 160 hours; 70 cents (television chassis).

Star Seat Cover Co., San Antonio, Tex., effective 7-3-50 to 1-2-51; 2 learners; sewing machine operators, 240 hours, 60 cents (seat covers).

The following special learner certificates were issued to the school-operated industries listed below:

Atlantic Union College, South Lancaster, Mass., effective 1-25-50 to 9-15-50; print shop, compositor, pressmen, and related operations; clerical, bookkeeping, cashiering, and related work; 19 learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Auburn Academy, Auburn, Wash., effective 1-25-50 to 9-15-50; manufacturing furniture, glue and assemble cabinets, making drawers, sand, stain and lacquer, machine operations, and inspecting; 40 learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Broadview Academy, La Grange, Ill., effective 1-25-50 to 9-15-50; college wood products, woodworking; 40 learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Campion Academy, Loveland, Colo., effective 1-25-50 to 9-15-50; broomshop, stitching, winding, bunching, sorting, and related operations; printing, compositor, pressman, and related operations; 18 learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Cedar Lake Academy, Cedar Lake, Mich., effective 1-25-50 to 9-15-50; woodworking, assembler, machine operators, packers, shippers; 18 learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Emmanuel Missionary College, Berrien Springs, Mich., effective 1-25-50 to 9-15-50; bookbinding, binding, and related operations; clerical, bookkeeping, typing, and related operations; printing, press work, stitcher, hand and machine composition, and related operations; woodworking, assembly, mill machine operating; 120 learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Glendale Union Academy, Glendale 6, Calif., effective 1-25-50 to 9-15-50; printing, type setting, press work, compositor, and related operations; four learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

La Sierra College, La Sierra Station, Arlington, Calif., effective 1-25-50 to 9-15-50; print shop; five learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Madison College, Madison College, Tenn., effective 1-25-50 to 9-15-50; food processing, skilled operations; office work; steam plant; 50 learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Maplewood Academy, Hutchinson, Minn., effective 1-25-50 to 9-15-50; clerical, typing, recordkeeping, posting, invoicing, etc.; six learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Mount Vernon Academy, Mount Vernon, Ohio, effective 1-25-50 to 9-15-50; printing, composition, press, bindery, and clerical operations; 10 learners; 250 hours at 45 cents, 250 hours at 50 cents; 250 hours at 60 cents.

Oak Park Academy, Nevada, Iowa, effective 1-25-50 to 9-15-50; press, pressman, compositor, and related operation; broom shop, winding and stitching, sorting and related operations; 14 learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Ozark Academy, Gentry, Ark., effective 1-25-50 to 9-15-50; broom making, sorting, winding, stitching, painting (handles), bundling, wrapping, labeling, seedling; 10 learn-

ers; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Pacific Union College, Angwin, Calif., effective 1-25-50 to 9-15-50; printing, compositors, pressmen, lithography, binding and other related operations; bindery, sewing, gold stamping, trimming and bookbinding, cutting, case making, cashing-in; 20 learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Plainview Academy, Redfield, S. Dak., effective 1-25-50 to 9-15-50; broom shop, sorting, winding, stitching, painting, bundling, wrapping, labeling, seeding; 10 learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Southern Missionary College, Collegedale, Tenn., effective 1-25-50 to 9-15-50; bookbinding, binding, and related operations; broom factory, broom maker and related operations; clerical, typing, filing and related operations; furniture, cabinet and furniture making; factory, compositor, pressman, bindery workers, and related operations; 145 learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Sunnydale Academy, P. O. Box 209, Centralia, Mo., effective 1-25-50 to 9-15-50; food manufacturing, preparing gluten, precooking, making broth, canning, cooking, labeling, and shipping; 12 learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Union College, Lincoln, Nebr., effective 1-25-50 to 9-15-50; bookbinding, bookbinding, and related operation; furniture factory, woodworking, machine operator, assembler and related operation; print shop, compositor, pressman, and related operations; clerical workers, bookkeepers, filing machine operators and related work; 86 learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Walla Walla College, College Place, Wash., effective 1-25-50 to 9-15-50; college press, compositor, pressman, binder and related operations; book bindery, bind, sew, place on covers, stamping, forwarding, finishing and related operations; 30 learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Washington Missionary College, Takoma Park, Md., effective 1-25-50 to 9-15-50; printing, pressman, compositor, linotype operator, bindery operations, clerical, and other related skilled operations; woodworking, milling, assembling, clerical and related skilled operations; clerical, typists, stenographers, bookkeepers and related office practices; 37 learners; 250 hours at 45 cents, 250 hours at 50 cents, 250 hours at 60 cents.

Each certificate has been issued upon the employer's representation that employment of learners at subminimum rates is necessary in order to prevent curtailment of opportunities for employment, and that experienced workers for the learner occupations are not available except that employers of student-workers employed in school-operated industries were not required to certify to the non-availability of experienced workers. The certificates may be canceled in the manner provided in the regulations and as indicated in the certificates. Any person aggrieved by the issuance of any of these certificates may seek a review or reconsideration thereof within fifteen days after publication of this notice in the FEDERAL REGISTER pursuant to the provisions of Part 522.

Signed at Washington, D. C., this 18th day of July 1950.

ISABEL FERGUSON,
Authorized Representative of
the Administrator.

[F. R. Doc. 50-6545; Filed, July 26, 1950;
8:46 a. m.]

FEDERAL COMMUNICATIONS COMMISSION

[Docket No. 9578]

BRAZORIA COUNTY BROADCASTING CO.

ORDER CONTINUING HEARING

In re application of A. T. Deere et al., d/b as Brazoria County Broadcasting Company, Freeport, Texas, for construction permit; Docket No. 9578, File No. BP-5511.

The Commission having under consideration a petition filed on July 10, 1950, by Brazoria County Broadcasting Company, Freeport, Texas, requesting that the hearing in the above-entitled proceeding, now scheduled for July 17, 1950, be continued for 90 days; and

It appearing, that the General Counsel has consented to a grant of the petition and to a waiver of the four-day requirement of § 1.745 of the Commission's rules and regulations, so as to permit immediate consideration of said petition, and good cause having been shown why the petition should be granted;

It is ordered, This 14th day of July 1950, that the petition of Brazoria County Broadcasting Company for a continuance of the hearing herein, is hereby granted, and the hearing in the above-entitled proceeding, is hereby continued, to October 2, 1950, at Washington, D. C.

FEDERAL COMMUNICATIONS COMMISSION,

[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 50-6583; Filed, July 26, 1950;
8:51 a. m.]

[Docket No. 9627]

ALL-OKLAHOMA BROADCASTING CO.
(KRMG)

ORDER ENLARGING ISSUE

In re application of All-Oklahoma Broadcasting Company (KRMG), Tulsa, Oklahoma, for construction permit; Docket No. 9627, File No. BP-7420.

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 19th day of July 1950;

The Commission having under consideration a petition filed on July 10, 1950, by All-Oklahoma Broadcasting Company (KRMG), asking that the issues in the proceeding upon its above-entitled application now scheduled to be held on July 21, 1950, be enlarged to include an issue relating to the present and proposed coverage and other services available thereto; and

It appearing, that the issue suggested by the petitioner is necessary to a proper determination in this matter;

It is ordered, That the petition is granted; and that the Commission order of April 13, 1950 designating the above-entitled application for hearing is amended to include as Issue No. 4, the following:

4. To determine the areas and populations which may be expected to gain or lose service from the proposed operation and the character of other broadcast

service available to such areas and populations.

FEDERAL COMMUNICATIONS COMMISSION,

[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 50-6582; Filed, July 26, 1950;
8:51 a. m.]

FEDERAL POWER COMMISSION

[Docket No. G-1420]

HOPE NATURAL GAS CO.

ORDER FIXING DATE OF HEARING

JULY 20, 1950.

On June 13, 1950, Hope Natural Gas Company (Applicant), a West Virginia corporation having its principal place of business at Clarksburg, West Virginia, filed an application for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act, as amended, authorizing the construction and operation of certain natural-gas transmission facilities, subject to the jurisdiction of the Commission, as fully described in said application on file with the Commission and open to public inspection.

The Commission finds: This proceeding is a proper one for disposition under the provisions of § 1.32 (b) (18 CFR 1.32 (b)) of the Commission's rules of practice and procedure, Applicant having requested that its application be heard under the shortened procedure provided by the aforesaid rule for non-contested proceedings, and no request to be heard, protest or petition having been filed subsequent to the giving of due notice of the filing of the application, including publication in the FEDERAL REGISTER on June 28, 1950 (15 F. R. 4148).

The Commission orders:

(A) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, as amended, and the Commission's rules of practice and procedure, a hearing be held on August 3, 1950, at 9:30 a. m., e. d. s. t., in the Hearing Room of the Federal Power Commission, 1800 Pennsylvania Avenue NW., Washington, D. C., concerning the matters involved and the issues presented by such application: *Provided, however*, That the Commission may, after a non-contested hearing, forthwith dispose of the proceeding pursuant to the provisions of § 1.32 (b) of the Commission's rules of practice and procedure.

(B) Interested State commissions may participate as provided by §§ 1.8 and 1.37 (f) (18 CFR 1.8 and 1.37 (f)) of the said rules of practice and procedure.

Date of issuance: July 20, 1950.

By the Commission.

[SEAL] J. H. GUTRIE,
Acting Secretary.

[F. R. Doc. 50-6546; Filed, July 26, 1950;
8:46 a. m.]

NOTICES

[Docket No. G-1437]
CITY OF CORINTH, MISS.
NOTICE OF APPLICATION

JULY 20, 1950.

Take notice that the City of Corinth, Mississippi (Applicant) a municipal corporation of the State of Mississippi, filed on July 3, 1950, an application pursuant to section 7 (a) of the Natural Gas Act, for an order directing Tennessee Gas Transmission Company (Tennessee), a natural gas company, to establish or permit physical connection of its transmission facilities with the proposed facilities of Applicant and to sell Applicant an adequate supply of natural gas.

Applicant proposes to construct and operate 21½ miles of 6-inch high pressure lateral transmission line extending from a point on a local distribution system to be constructed in the City of Corinth to a point of connection with the main transmission pipeline system of Tennessee traversing McNairy County, Tennessee.

The application recites negotiations for a supply of natural gas from Alabama-Tennessee Natural Gas Company were discontinued due to the rate proposed by said Company; and that a saving of \$1,228,800 over a 20-year period can be effected by the City of Corinth by purchasing and obtaining natural gas from Tennessee Gas Transmission Company rather than from Alabama-Tennessee Natural Gas Company.

The estimated cost of the proposed lateral transmission line is \$350,000, and of proposed distribution facilities to be installed in the City of Corinth is \$525,000.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before the 8th day of August 1950. The application is on file with the Commission for public inspection.

[SEAL] S. A. WALKER,
Acting Secretary.

[F. R. Doc. 50-6547; Filed, July 26, 1950;
8:46 a. m.]

[Docket No. G-1440]
LOUISIANA-NEVADA TRANSIT CO.
NOTICE OF APPLICATION

JULY 20, 1950.

Take notice that on July 11, 1950, Louisiana-Nevada Transit Company (Applicant), a Nevada corporation with its principal place of business at Ada, Oklahoma, filed an application for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act, as amended, authorizing the construction and operation of a measuring and regulating station at Okay, Arkansas, on Applicant's pipeline system for the sale and delivery of natural gas to the City of De Queen, Arkansas.

Applicant represents that it has adequate gas reserves and capacity of transmission facilities to meet the estimated

requirements of the City of De Queen which are at 89,540 Mcf. per year.

The estimated total cost of the proposed facilities is \$1,727.27 which will be financed from funds on hand.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the rules of practice and procedure (18 CFR 1.8 and 1.10) on or before the 8th day of August 1950. The application is on file with the Commission for public inspection.

[SEAL] S. A. WALKER,
Acting Secretary.

[F. R. Doc. 50-6548; Filed, July 26, 1950;
8:46 a. m.]

[Projects Nos. 20, 472, 486, 597, 665, 671, 675,
696, 703, 713]

UTAH POWER & LIGHT CO.

NOTICE OF ORDER

JULY 21, 1950.

Notice is hereby given that, on July 20, 1950, the Federal Power Commission issued its order entered July 18, 1950, determining net changes in actual legitimate original cost and prescribing accounting therefor in the above-designated matters.

[SEAL] S. A. WALKER,
Acting Secretary.

[F. R. Doc. 50-6549; Filed, July 26, 1950;
8:46 a. m.]

[Project No. 382]

SOUTHERN CALIFORNIA EDISON CO.

NOTICE OF ORDER

JULY 21, 1950.

Notice is hereby given that, on July 19, 1950, the Federal Power Commission issued its order entered July 18, 1950, authorizing amendment of license (major) in the above-designated matter.

[SEAL] S. A. WALKER,
Acting Secretary.

[F. R. Doc. 50-6550; Filed, July 26, 1950;
8:46 a. m.]

[Project No. 516]

SOUTH CAROLINA ELECTRIC & GAS CO.

NOTICE OF ORDER

JULY 21, 1950.

Notice is hereby given that, on July 20, 1950, the Federal Power Commission issued its order entered July 18, 1950, determining net changes in actual legitimate original cost and prescribing accounting therefor in the above-designated matter.

[SEAL] S. A. WALKER,
Acting Secretary.

[F. R. Doc. 50-6551; Filed, July 26, 1950;
8:46 a. m.]

[Project No. 1036]

MILLIE GREVE MARSH

NOTICE OF ORDER

JULY 21, 1950.

Notice is hereby given that, on July 20, 1950, the Federal Power Commission issued its order entered July 18, 1950, authorizing issuance of new license (minor) in the above-designated matter.

[SEAL] S. A. WALKER,
Acting Secretary.

[F. R. Doc. 50-6552; Filed, July 26, 1950;
8:47 a. m.]

[Project No. 1940]

WISCONSIN PUBLIC SERVICE CORP.

NOTICE OF ORDER

JULY 21, 1950.

Notice is hereby given that on July 20, 1950, the Federal Power Commission issued its order entered July 18, 1950, approving revised Exhibit K and adjusting annual charges in the above-designated matter.

[SEAL] S. A. WALKER,
Acting Secretary.

[F. R. Doc. 50-6553; Filed, July 26, 1950;
8:47 a. m.]

[Project No. 2011]

GLANCY WARDEN COLE

NOTICE OF ORDER

JULY 21, 1950.

Notice is hereby given that, on July 19, 1950, the Federal Power Commission issued its order entered July 18, 1950, authorizing issuance of license (major) in the above-designated matter.

[SEAL] S. A. WALKER,
Acting Secretary.

[F. R. Doc. 50-6554; Filed, July 26, 1950;
8:47 a. m.]

[Docket No. G-1326]

COLORADO INTERSTATE GAS CO. AND
CANADIAN RIVER GAS CO.

NOTICE OF ORDER

JULY 21, 1950.

Notice is hereby given that, on July 20, 1950, the Federal Power Commission issued its order entered July 20, 1950, in the above-designated matter, issuing certificate of public convenience and necessity and reopening record of proceeding for hearing to be hereafter set by the Commission.

[SEAL] S. A. WALKER,
Acting Secretary.

[F. R. Doc. 50-6555; Filed, July 26, 1950;
8:47 a. m.]

[Docket No. E-6159]

CONNECTICUT RIVER POWER CO. ET AL.

NOTICE OF ORDER

JULY 21, 1950.

In the matter of Connecticut River Power Company, New England Power Company, Rhode Island Power Transmission Company, and The Narragansett Electric Company. Docket No. E-6159.

Notice is hereby given that, on July 19, 1950, the Federal Power Commission issued its order entered July 18, 1950, supplementing order of September 2, 1948, published in the FEDERAL REGISTER on September 11, 1948 (13 F. R. 5319), enlarging investigation in the above-designated matter.

[SEAL]

S. A. WALKER,
Acting Secretary.[F. R. Doc. 50-6556; Filed, July 26, 1950;
8:47 a. m.]

[Docket No. E-6274]

CALIFORNIA ELECTRIC POWER CO.

NOTICE OF ORDER

JULY 21, 1950.

Notice is hereby given that, on July 20, 1950, the Federal Power Commission issued its order entered July 18, 1950, in the above-designated matter, granting request for withdrawal of application for authorization for issuance of securities.

[SEAL]

S. A. WALKER,
Acting Secretary.[F. R. Doc. 50-6557; Filed, July 26, 1950;
8:47 a. m.]

[Docket No. E-6290]

RHODE ISLAND POWER TRANSMISSION CO.
ET AL.

NOTICE OF ORDER

JULY 21, 1950.

In the matter of Rhode Island Power Transmission Company, The Narragansett Electric Company, and Blackstone Valley Gas and Electric Company. Docket No. E-6290.

Notice is hereby given that, on July 19, 1950, the Federal Power Commission issued its order entered July 18, 1950, approving merger or consolidation of facilities by The Narragansett Electric Company and dismissing application for disposition of these facilities by Rhode Island Power Transmission Company; and dismissing application for disposition of facilities by Blackstone Valley Gas and Electric Company and acquisition of these facilities by Rhode Island Power Transmission Company.

[SEAL]

S. A. WALKER,
Acting Secretary.[F. R. Doc. 50-6558; Filed, July 26, 1950;
8:47 a. m.]

No. 144—11

[Docket No. E-6303]

DEEPWATER LIGHT AND POWER CO. AND
ATLANTIC CITY ELECTRIC CO.

NOTICE OF ORDER

JULY 21, 1950.

Notice is hereby given that, on July 19, 1950, the Federal Power Commission issued its order entered July 18, 1950, authorizing and approving sale and merger or consolidation of facilities, and acquisition of securities in the above-designated matter.

[SEAL]

S. A. WALKER,
Acting Secretary.[F. R. Doc. 50-6559; Filed, July 26, 1950;
8:47 a. m.]

[Docket Nos. G-1365, G-1387]

TENNESSEE GAS TRANSMISSION CO., AND
ARKANSAS LOUISIANA GAS CO.

NOTICE OF FINDINGS AND ORDERS

JULY 21, 1950.

Notice is hereby given that, on July 19, 1950, the Federal Power Commission issued its findings and orders entered July 18, 1950, issuing certificates of public convenience and necessity in the above-designated matters.

[SEAL]

S. A. WALKER,
Acting Secretary.[F. R. Doc. 50-6560; Filed, July 26, 1950;
8:47 a. m.]

[Docket No. ID-1135]

ERNEST R. ACKER

NOTICE OF ORDER

JULY 21, 1950.

Notice is hereby given that, on July 20, 1950, the Federal Power Commission issued its order entered July 18, 1950, in the above-designated matter, authorizing applicant to hold certain positions pursuant to section 305 (b) of the Federal Power Act.

[SEAL]

S. A. WALKER,
Acting Secretary.[F. R. Doc. 50-6561; Filed, July 26, 1950;
8:47 a. m.]INTERSTATE COMMERCE
COMMISSION

[4th Sec. Application 25269]

GRAIN FROM OKLAHOMA TO TEXAS

APPLICATION FOR RELIEF

JULY 24, 1950.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: D. Q. Marsh, Agent, for and on behalf of carriers parties to his tariff I. C. C. No. 3832.

Commodities involved: Grain and grain products, also seeds, carloads.

From: Points in Oklahoma.

To: Points in Texas.

Grounds for relief: Circuitous routes. Schedules filed containing proposed rates: D. Q. Marsh's tariff I. C. C. No. 3832, Supplement 25.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL]

W. P. BARTEL,
Secretary.[F. R. Doc. 50-6562; Filed, July 26, 1950;
8:47 a. m.]

[4th Sec. Application 25270]

CHICAGO GREAT WESTERN RAILWAY CO.;
MOTOR-RAIL-MOTOR RATES

APPLICATION FOR RELIEF

JULY 24, 1950.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: Middlewest Motor Freight Bureau, Agent, for and on behalf of the Chicago Great Western Railway Company and Transamerican Freight Lines, Inc.

Commodities involved: All commodities.

Between: Chicago, Ill., and Kansas City, Mo.

Grounds for relief: Competition with motor carriers.

Schedules filed containing proposed rates: Middlewest Motor Freight Bureau, Agent, tariff I. C. C. No. 22, Supplement 23.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hear-

ing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] W. P. BARTEL,
Secretary.

[F. R. Doc. 50-6563; Filed, July 26, 1950;
8:47 a. m.]

[4th Sec. Application 25271]

**SLAG FROM ALABAMA TO THE SOUTH
APPLICATION FOR RELIEF**

JULY 24, 1950.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: R. E. Boyle, Jr., Agent, for and on behalf of carriers parties to Agent C. A. Spaninger's tariff I. C. C. No. 975. Commodities involved: Slag, carloads. From: Alabama City, Ensley and Spocari, Ala.

To: Points in the South.

Grounds for relief: Competition with rail carriers and circuitous routes.

Schedules filed containing proposed rates: C. A. Spaninger's tariff I. C. C. No. 975, Supplement 144.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] W. P. BARTEL,
Secretary.

[F. R. Doc. 50-6564; Filed, July 26, 1950;
8:47 a. m.]

[4th Sec. Application 25272]

**CHICAGO GREAT WESTERN RAILWAY CO.;
MOTOR-RAIL-MOTOR RATES
APPLICATION FOR RELIEF**

JULY 24, 1950.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: Middlewest Motor Freight Bureau, Agent, for and on behalf of the Chicago Great Western Railway Company and Transamerican Freight Lines, Inc., Operator (in part) of Donaldson Transfer.

Commodities involved: All commodities.

Between: Chicago, Ill., and Council Bluffs, Iowa.

Grounds for relief: Competition with motor carriers.

Schedules filed containing proposed rates: Middlewest Motor Freight Bureau, Agent, tariff I. C. C. No. 22, Supplement 23.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] W. P. BARTEL,
Secretary.

[F. R. Doc. 50-6565; Filed, July 26, 1950;
8:48 a. m.]

**SECURITIES AND EXCHANGE
COMMISSION**

[File No. 70-1951]

NEW ENGLAND PUBLIC SERVICE CO.

**ORDER PERMITTING WITHDRAWAL OF
DECLARATION**

At a regular session of the Securities and Exchange Commission, held at its office in the city of Washington, D. C., on the 21st day of July A. D. 1950.

New England Public Service Company ("NEPSCO"), a registered holding company, having on September 20, 1948, filed a declaration with this Commission, pursuant to section 12 (d) of the Public Utility Holding Company Act of 1935, with respect to the sale by NEPSCO of 200,000 shares of the common stock of Public Service Company of New Hampshire; the Commission having, on October 1, 1948, issued a notice of filing and order for hearing thereon and a hearing having been held;

NEPSCO having now filed an application requesting permission to withdraw said declaration and, in conjunction with its request, having filed a declaration with respect to the sale by NEPSCO of 260,000 shares of the common stock of Central Maine Power Company (File No. 70-2438); and

The Commission having considered the application and it appearing that the withdrawal requested is consistent with the public interest:

It is ordered, That NEPSCO's application for withdrawal of the declaration herein be and hereby is granted, and

said declaration is hereby deemed withdrawn.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

[F. R. Doc. 50-6566; Filed, July 26, 1950;
8:48 a. m.]

[File No. 70-2438]

NEW ENGLAND PUBLIC SERVICE CO.

**NOTICE OF FILING AND NOTICE OF AND ORDER
FOR HEARING**

At a regular session of the Securities and Exchange Commission held at its office in the city of Washington, D. C., on the 21st day of July A. D. 1950.

Notice is hereby given that a declaration has been filed with this Commission pursuant to the Public Utility Holding Company Act of 1935 by New England Public Service Company ("NEPSCO"), a registered holding company. Declarant designates section 12 (d) of the act and Rule U-50 promulgated thereunder as applicable to the proposed transactions.

All interested persons are referred to said declaration which is on file in the offices of the Commission for a statement of the proposed transactions, which are summarized as follows:

NEPSCO own 1,315,181 shares (60.4 percent) of the common stock of Central Maine Power Company. NEPSCO proposes to sell 260,000 shares of its holdings of such stock, at competitive bidding under Rule U-50, prior to October 1, 1950, or such later date as the Commission shall approve. The price which NEPSCO will receive for the common stock, the price at which it will be offered to the public, and the names of the underwriters will be supplied by amendment. The net proceeds from the sale of the stock will be applied to the reduction of notes issued to certain banks by NEPSCO in October 1947 (Holding Company Act Release No. 7713). Declarant states that no state commission has jurisdiction over the proposed transactions. Declarant requests that the order herein conform to the provisions of Supplement R of the Internal Revenue Code.

The Commission has this day granted NEPSCO's application, filed in conjunction with the declaration noticed herein, to withdraw its declaration (File No. 70-1951) with respect to the sale by NEPSCO of 200,000 shares of the common stock of Public Service Company of New Hampshire.

The notes to which the proceeds of the sale are to be applied were issued as a step in NEPSCO's plan for the retirement of its Prior Lien Preferred Stock. This plan, which was approved by order of the Commission of June 27, 1947 and by the District Court of the United States for the District of Maine by order of August 6, 1947, provided, inter alia, for the borrowing by NEPSCO for a term of one year of an amount not in excess of \$16,000,000. It further provided that NEPSCO would, within one year from the date of the loan, sell, at competitive bidding pursuant to Rule U-50, or in

such manner as the Commission might approve, sufficient of its portfolio to repay the loan in full, unless the Commission granted one or more extensions of time. On October 9, 1947 NEPSCO borrowed an aggregate amount of \$13,500,000. This amount has now been reduced to \$8,625,000 by quarterly payments of \$400,000 and by an additional payment of \$475,000 made May 15, 1950. The notes were renewed with Commission approval for a term of one year in October 1948 and again in October 1949; however, requested extensions of the time in which portfolio securities were to be sold to retire the notes were not granted. (Holding Company Act Release No. 8567 and 9404). In its Memorandum Opinion of April 7, 1950 (Holding Company Act Release No. 9781) the Commission concluded that no further delay was justified in the sale by NEPSCO of portfolio securities for the purpose of reducing the loan.

It appearing to the Commission that it is appropriate in the public interest and in the interest of investors and consumers that a hearing be held with respect to said declaration and that said declaration should not be permitted to become effective except pursuant to further order of this Commission.

It is hereby ordered, Pursuant to the applicable provisions of the act and the rules and regulations thereunder, that a hearing with respect to said declaration be held on August 15, 1950 at 10:00 a. m., e. d. s. t., at the offices of the Commission, 425 Second Street NW., Washington 25, D. C. On such date the hearing room clerk in Room 193 will advise as to the room in which such hearing will be held. Any persons desiring to be heard or otherwise wishing to participate in this proceeding shall file with the Secretary of the Commission on or before August 14, 1950 his request or application therefor as provided in Rule XVII of the Commission's rules of practice.

It is further ordered, That William W. Swift, or any other officer or officers of this Commission designated by it for that purpose, shall preside at such hearing and is hereby authorized to exercise all powers granted to the Commission under Section 18 (c) of the act and to a hearing officer under the Commission's rules of practice.

The Division of Public Utilities of the Commission having advised the Commission that it has made a preliminary examination of the declaration and that, upon the basis thereof, the following matters and questions are presented for consideration without prejudice to its specifying additional matters or questions upon further examination:

1. Whether the proposed sale by New England Public Service Company of common stock of Central Maine Power Company meets the requirements of section 12 (d) of the act and the rules and regulations promulgated thereunder.

2. Whether the fees or other remuneration to be paid in connection with the proposed transactions are reasonable.

3. Whether the accounting entries proposed to be made by New England Public Service Company in connection with the proposed transactions are consistent with

sound accounting principles and conform to the standards of the act and the rules promulgated thereunder.

4. Generally, whether the proposed transactions comply with all the requirements of the applicable provisions of the act and the rules and regulations promulgated thereunder, and whether, it is necessary or appropriate in the public interest or for the protection of investors and consumers to impose terms and conditions in connection with the proposed transactions.

It is further ordered, That particular attention be directed at said hearing to the foregoing matters and questions.

It is further ordered, That the Secretary of this Commission shall serve a copy of this order by registered mail on NEPSCO, Central Maine Power Company, and on all persons heretofore granted participation in the proceeding with respect to the retirement of the Prior Lien Preferred Stock of NEPSCO (File No. 59-15); and that notice of said hearing shall be given to all other persons by publication of this notice and order in the FEDERAL REGISTER and by general release of this Commission distributed to the press and mailed to the mailing list for releases issued under the act.

By the Commission.

[SEAL]

ORVAL L. DuBois,
Secretary.

[F. R. Doc. 50-6567; Filed, July 26, 1950;
8:48 a. m.]

[File No. 31-573]

MINNESOTA AND ONTARIO PAPER CO.

NOTICE OF FILING OF APPLICATION FOR
EXEMPTION

At a regular session of the Securities and Exchange Commission held at its office in the city of Washington, D. C., on the 21st day of July A. D. 1950.

Notice is hereby given that Minnesota and Ontario Paper Company ("Minnesota and Ontario") has filed with this Commission an application requesting an exemption for itself and its two subsidiary companies, Rainy River Improvement Company ("Rainy River") and The Ontario-Minnesota Pulp and Paper Company Limited ("Ontario-Minnesota") from the provisions of the Public Utility Holding Company Act of 1935 and the rules and regulations promulgated thereunder pursuant to sections 3 (a) (3) and 3 (a) (5) of the act.

All interested persons are referred to such application, which is on file in the offices of this Commission, for a statement of the allegations therein contained, which are summarized as follows:

Minnesota and Ontario is a corporation organized under the laws of the State of Minnesota and is primarily engaged in the manufacture and sale of paper and allied products. Its principal office is located in the city of Minneapolis, Minnesota, and its plant is located at International Falls, Minnesota. During the calendar year 1949 applicant had net sales of \$42,778,384 and net earnings of \$3,534,496, substantially all of which was derived from the sale of its indus-

trial products. In connection with the operation of its industrial business, applicant owns and operates facilities for the generation and transmission of electric energy, all of which energy is consumed by applicant or transmitted to its subsidiaries.

Rainy River is organized in the State of Minnesota. It is principally engaged in public utility business and carries on its operations entirely within the United States. It receives electric energy generated by Minnesota and Ontario and distributes and sells such electric energy to members of the public. During the calendar year 1949, it had gross sales of electric energy of \$280,661 and net earnings of \$11,525.

Ontario-Minnesota is organized in the Province of Ontario, Dominion of Canada. It is engaged primarily in the manufacture and sale of paper and allied products and, in connection therewith, operates facilities in Canada for the generation, transmission and distribution of electric energy. A portion of such electric energy is sold to members of the public, all of such sales being made in Canada. During the calendar year 1949, Ontario-Minnesota had net sales of \$17,588,123, of which \$117,516 represented sales of electric energy. Most of Ontario-Minnesota's products are sold to applicant.

Applicant alleges that it is only incidentally a holding company being primarily engaged in a business other than that of a public utility company and that it does not derive a material part of its income from one or more companies the principal business of which is that of a public utility company. Applicant further alleges that it owns all the outstanding securities of its two subsidiaries, other than directors' qualifying shares.

Notice is further given that any interested person may, not later than August 7, 1950, at 5:30 p. m., e. d. s. t., request the Commission in writing that a hearing be held on the matter, stating the reasons for his request, the nature of his interest and the issues of fact or law raised by said application which he desires to controvert, or may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C. At any time after August 7, 1950, the application of Minnesota and Ontario, as filed or amended, may be granted.

By the Commission.

[SEAL]

ORVAL L. DuBois,
Secretary.

[F. R. Doc. 50-6568; Filed, July 26, 1950;
8:48 a. m.]

[File Nos. 70-1250, 59-85]

PENNSYLVANIA EDISON CO. ET AL.

ORDER AUTHORIZING PAYMENT AND
RELEASING JURISDICTION

At a regular session of the Securities and Exchange Commission, held at its office in the city of Washington, D. C., on the 21st day of July 1950.

In the matters of Pennsylvania Edison Company, Pennsylvania Electric Company, and Associated Electric Company, File No. 70-1250; Pennsylvania Edison Company, and Associated Electric Company, File No. 59-85.

The Commission by orders dated June 19, 1946, and October 15, 1948, having approved a plan filed pursuant to section 11 (e) of the Public Utility Holding Company Act of 1935, by Associated Electric Company, a registered holding company, and two of its public utility subsidiary companies, Pennsylvania Electric Company and Pennsylvania Edison Company, for the merger of Pennsylvania Edison Company into Pennsylvania Electric Company; and said orders having reserved jurisdiction over the payment of all fees and expenses to be paid in connection with the plan; and applications requesting allowances of fees and expenses having been filed as follows:

Applicant	Requested allowances	Requested reimbursement of expenses
Shearman & Sterling & Wright, counsel for Associated Electric Co.	\$67,500.00	\$2,276.77
Edward Hopkinson, Jr., financial expert for Associated Electric Co.	7,000.00	-----
James N. Land, financial expert for Associated Electric Co.	1,500.00	250.00
The Pennsylvania Co. for Banking and Trusts, disbursing agent for the escrowed funds.	8,660.50	1,372.03
Chemical Bank & Trust Co., escrow agent.	750.00	-----
Gilbert Associates, Inc., engineering expert for Associated Electric Co.	15,131.14	818.50
Wolf, Block, Schorr and Solis-Cohen, counsel for protective committee for preferred stockholders of Pennsylvania Edison Co.	62,500.00	2,072.67
E. Ralph Sterling, member of protective committee and financial adviser thereto.	7,000.00	788.86
Harold M. Bayuk, member of protective committee.	650.00	532.85
Perry N. Selheimer, member and secretary of protective committee.	3,600.00	732.82
Henry Herz, financial expert for protective committee.	4,200.00	1,285.18
Charles A. O'Neill, financial expert for protective committee.	6,000.00	629.00

The Commission having considered said applications and having entered its Memorandum Opinion herein, and having determined that said requests are not unreasonable in amount and are for necessary services and expenditures and Associated Electric Company having stated that it has no objection to any of said requests:

It is ordered, That Associated Electric Company pay the above-noted amounts to the named persons.

It is further ordered, That the jurisdiction heretofore reserved with respect to the payment of fees and expenses to be paid in connection with the transactions proposed in the plan be, and the same hereby is, released.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 50-6570; Filed, July 26, 1950;
8:48 a. m.]

[File No. 70-2406]

CONSOLIDATED NATURAL GAS CO. ET AL.

NOTICE OF FILING

At a regular session of the Securities and Exchange Commission, held at its office in the city of Washington, D. C., on the 21st day of July A. D. 1950.

In the matter of Consolidated Natural Gas Company, The Peoples Natural Gas Company, and New York State Natural Gas Corporation; File No. 70-2406.

Notice is hereby given that a joint application-declaration has been filed with this Commission, pursuant to the Public Utility Holding Company Act of 1935, by Consolidated Natural Gas Company ("Consolidated"), a registered holding company, and its wholly-owned subsidiaries, Peoples Natural Gas Company ("Peoples"), a gas utility company, and New York State Natural Gas Corporation ("New York State"), a gas transmission company. Applicants-declarants have designated sections 9, 10, and 12 of the act as applicable to the proposed transactions.

Notice is further given that any interested person may, not later than August 22, 1950, at 5:30 p. m., e. d. s. t., request the Commission in writing that a hearing be held on such matter, stating the reasons for such request, the nature of his interest and the issues of fact or law raised by said joint application-declaration which he desires to controvert, or may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C. At any time after August 22, 1950, said joint application-declaration, as filed or as amended, may be permitted to become effective as provided in Rule U-23 of the rules and regulations promulgated under the act, or the Commission may exempt such transactions as provided in Rule U-20 (a) and Rule U-100 thereof.

All interested persons are referred to said joint application-declaration, which is on file in the offices of this Commission, for a statement of the transactions therein proposed, and which are summarized as follows:

Consolidated, Peoples, and New York State have entered into an agreement with Texas Eastern Transmission Corporation ("Texas Eastern"), a non-affiliated gas transmission company, pursuant to which it is proposed that, subject to obtaining the necessary approval of regulatory bodies, Peoples will sell and New York and Texas Eastern will acquire, as tenants in common, certain oil and gas leases and other interests in land, together with gas wells, pipelines and other appurtenant facilities, located in an area, called the Oakford Storage Area, in Westmoreland County, Pennsylvania. It is stated that the purpose of the proposed transfer is to provide for the joint development and operation of a natural gas storage pool by the Consolidated system and Texas Eastern. It is also stated that the requisite quantities of base or cushion gas required for operation of the pool is beyond the ability of the Consolidated system to provide from its own available

supplies, and that, under the contract, Texas Eastern will undertake to supply such gas on a best effort basis.

The purchase price, which will be borne equally by New York and Texas Eastern, will be Peoples' book depreciated original cost at the time of transfer, estimated to be approximately \$2,550,000, including \$2,000,000 to be incurred in carrying on certain development work and acquisition of storage rights pending the transfer.

The financing of New York's pro rata share of the acquisition and development costs of the storage pool will be accomplished as part of its general future financing and will be the subject of further applications to this Commission.

Peoples has applied to the Public Utility Commission of Pennsylvania for approval of the sale of the properties, and New York and Texas Eastern have applied to the Federal Power Commission for the issuance of an appropriate certificate of convenience and necessity.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 50-6569; Filed, July 26, 1950;
8:48 a. m.]

[File No. 70-2428]

THOMAS KENWORTHY ET AL.

NOTICE OF FILING

At a regular session of the Securities and Exchange Commission held at its office in the city of Washington, D. C., on the 21st day of July A. D. 1950.

In the matter of Thomas Kenworthy, John S. Cooper, Halbert McN. Jones, et al. File No. 70-2428.

Notice is hereby given that an application has been filed with this Commission pursuant to sections 9 (a) (2) and 10 of the Public Utility Holding Company Act of 1935 (the "act") by Thomas Kenworthy and by certain other individuals comprising two separate groups, John S. Cooper and Clark Cooper, Jr. (the "Cooper Group") and Halbert McN. Jones, Elizabeth M. Jones, Mary Ellen Jones, Halbert McN. Jones, Jr., Mrs. Mary J. McCoy, Ina McN. Avinger, Edwin Morgan, Anna B. Evans and James A. Jones (the "Jones Group").

All interested persons are referred to said application which is on file in the offices of this Commission for a statement of the transaction therein proposed, which is summarized as follows:

Kenworthy and the individuals comprising the Cooper and Jones groups propose to acquire from certain other individuals, respectively, 17,500 (17.8 percent), 6,386 (6.5 percent), and 15,000 shares (15.3 percent) of the 98,240 outstanding shares of common stock of Pennsylvania & Southern Gas Company ("Pennsylvania & Southern"), a public utility holding company, for a cash consideration of \$5.00 per share. Of the outstanding common stock of Pennsylvania & Southern, 42,146 shares (42.9 percent) are owned by Mark Anton, H. Emerson Thomas, R. Gould Morehead, and Sylvester C. Smith, Jr. (the "Anton Group"),

who have filed with the Commission a statement for the purpose of qualifying for an exemption pursuant to Rule U-9, and who, among others, are included in the selling group. After consummation of the proposed acquisition none of the members of the Anton Group will own any common stock of Pennsylvania & Southern, except H. Emerson Thomas who will retain 5,000 shares of his present holdings of Pennsylvania & Southern common stock.

According to the filing, the companies in the Anton Group holding company system are five gas utility companies which conduct propane gas operations in various small communities in Pennsylvania, New York, New Jersey and West Virginia, and Pennsylvania & Southern and its subsidiaries. Pennsylvania & Southern has six gas utility subsidiaries which serve propane gas in various small communities in Pennsylvania, North Carolina and South Carolina, one gas utility subsidiary which serves manufactured gas in one small community in Maryland, and one non-utility subsidiary which is engaged in the business of selling propane gas in portable containers; each of the gas utility subsidiaries is also engaged in the business of selling propane gas in portable containers.

The filing contains financial statements which show that at April 30, 1950, combined plant, property and equipment of the subsidiaries of Pennsylvania & Southern amounted to \$1,631,281 (after deduction of negative plant acquisition adjustments of \$292,756); combined investment in bottled gas equipment amounted to \$113,297; and the combined reserves for depreciation of plant, property and equipment amounted to \$776,189; consolidated utility operating revenues amounted to \$586,881 for the 12 months ended April 30, 1950; consolidated revenues from bottled gas operations amounted to \$264,939 for the same period. Such financial statements also show that Pennsylvania & Southern's consolidated common stock equity as of April 30, 1950, was equivalent to \$2.93 per share and that consolidated net income applicable to its common stock amounted to \$0.74 per share for the 12 months ended April 30, 1950.

The filing states that it is contemplated that Pennsylvania & Southern will, after consummation of the proposed acquisition, file a statement with the Commission for the purpose of qualifying for an exemption pursuant to Rule U-9.

Each of the buyers proposes to pay to Lewis C. Dick Company, of Philadelphia, a broker's commission of 25¢ per share and to Bioren & Co., of Philadelphia, a broker's commission of 12½¢ per share; Bioren & Co. is also to receive from each of the sellers a broker's commission of 10¢ per share. Legal fees and expenses estimated at \$500 in connection with the proposed purchase of the shares will be paid by Lewis C. Dick Company.

The applicants have requested that the Commission's order be entered herein at the earliest date practicable and that such order become effective forthwith.

Notice is further given that any interested person may, not later than July 28, 1950, at 5:30 p. m., e. d. s. t., request

the Commission in writing that a hearing be held on such matter, stating the nature of his interest, the reasons for such request and the issues, if any, of fact or law raised by said application which he desires to controvert, or may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C. At any time after July 28, 1950, said application as filed or as amended, may be granted and permitted to become effective as provided in Rule U-23 of the rules and regulations promulgated under the act, or the Commission may exempt such transactions as provided in Rule U-20 (a) and Rule U-100 thereof.

By the Commission.

[SEAL]

ORVAL L. DuBOIS,
Secretary.

[P. R. Doc. 50-6571; Filed, July 26, 1950;
8:48 a. m.]

DEPARTMENT OF JUSTICE

Office of Alien Property

AUTHORITY: 40 Stat. 411, 55 Stat. 239, Pub. Laws 322, 671, 79th Cong., 60 Stat. 50, 925; 50 U. S. C. and Supp. App. 1, 616; E. O. 9193, July 6, 1942, 3 CFR, Cum. Supp., E. O. 9567, June 8, 1945, 3 CFR, 1945 Supp., E. O. 9788, Oct. 14, 1946, 11 F. R. 11981.

[Vesting Order 14864]

MARGARET KESSLER

In re: Bank accounts owned by and debt owing to Margaret Kessler. D-28-6438-E-1, C-2.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Margaret Kessler, whose last known address is Kaulbach Str. 12, Nürnberg, Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That the property described as follows:

a. That certain debt or other obligation owing to Margaret Kessler, by The First National Bank of Jersey City, 47 Newark Street, Hoboken, New Jersey, arising out of a savings account, account number 47690, entitled Margaret Kessler, maintained at the aforesaid bank, and any and all rights to demand, enforce and collect the same,

b. That certain debt or other obligation owing to Margaret Kessler, by The First National Bank of Jersey City, 47 Newark Street, Hoboken, New Jersey, arising out of a checking account, entitled Estate of John M. Kessler (Margaret Kessler Adm.), maintained at the aforesaid bank, and any and all rights to demand, enforce and collect the same, and

c. That certain debt or other obligation owing to Margaret Kessler by Alfred Reinauer and Betty Reinauer, 203-06 38th Avenue, Bayside, Long Island, New York, evidenced by a note, in the principal sum of \$500.00, dated July 11,

1939, and presently in the custody of Henry G. Haas, 68 Hudson Street, Hoboken, New Jersey, and any and all rights to demand, enforce and collect the aforesaid debt or other obligation and any and all accruals thereto, together with any and all rights in, to and under, including particularly the right to possession of, the aforesaid note,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on July 12, 1950.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Acting Director,
Office of Alien Property.

[P. R. Doc. 50-6584; Filed, July 26, 1950;
8:53 a. m.]

[Vesting Order 14865]

MRS. G. A. LASONDER

In re: Debts owing to Mrs. G. A. Lasonder also known as G. A. Bauer Lasonder. F-28-30659.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Mrs. G. A. Lasonder also known as G. A. Bauer Lasonder, whose last known address is Gildehaus, Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That the property described as follows: Those certain debts or other obligations, matured or unmatured, evidenced by the bearer bonds described in Exhibit A, attached hereto and by reference made a part hereof, together with any and all accruals to the aforesaid debts or other obligations and any and

all rights to demand, enforce and collect the same, and any and all rights in, to and under the aforesaid bonds,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, Mrs. G. A. Lasonder also known as G. A. Bauer Lasonder, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on July 12, 1950.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Acting Director,
Office of Alien Property.
EXHIBIT A—BONDS

Description of issue	Face value	Bond Nos.
Bush Terminal Co., consolidated mortgage 5-percent gold bonds, due Jan. 1, 1955.	\$1,000	1889 2334 2419 2431
Southern Pacific R. R. Co., first refunding mortgage gold bonds, due Jan. 1, 1955.	\$1,000	M 30710 M 30720 M 30727 M 30730
Illinois Central R. R. Co., 4 percent gold bonds, of 1952, due Apr. 1, 1952.	\$1,000	400 1570 1534 1534
Connecticut Railway & Lighting Co., first and refunding mortgage 4 3/4 percent, 50-year gold bonds, due Jan. 1, 1951.	\$1,000	10564 10564 10797
The Louisville & Nashville R. R. Co., St. Louis Division, second mortgage 3 percent gold bonds, due Mar. 1, 1950.	\$1,000	91 1043 1471 2713
The Kansas City Southern Ry. Co., 3 percent first mortgage 50-year gold bonds, due 1950.	\$1,000	426 6708 25736 26006
The Central Pacific Ry. Co., first refunding mortgage gold bonds, due Aug. 1, 1949.	\$1,000	2687 27131 27141 80411

¹ Each.

[F. R. Doc. 50-6585; Filed, July 26, 1950; 8:53 a. m.]

[Vesting Order 14866]

HELENE LIEDELICH ET AL.

In re: Debts owing to Helen Liedelich, also known as Helene Liedelich, Dresdner Bank, Werner Rischbieth and T. Watan-

abe. F-28-30394-C-1, F-28-176-C-6, D-28-5573-C-1; E-1, F-39-6544-C-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Helen Liedelich, also known as Helene Liedelich, whose last known address is No. 5 Alardus St., Hamburg, Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That Dresdner Bank, the last known address of which is Hamburg, Germany, is a corporation, partnership, association or other business organization, organized under the laws of Germany, and which has or, since the effective date of Executive Order 8389, as amended, has had its principal place of business in Hamburg, Germany, and is a national of a designated enemy country (Germany);

3. That Werner Rischbieth on or since the effective date of Executive Order 8389, as amended, and on or since December 11, 1941, has been a resident of Germany and is a national of a designated enemy country (Germany);

4. That T. Watanabe, whose last known address is 2383-3 Setagaya Ku, Setagaya, Tokyo, Japan, is a resident of Japan and a national of a designated enemy country (Japan);

5. That the property described as follows: That certain debt or other obligation of the Canal Bank and Trust Company in liquidation, New Orleans, Louisiana, in the amount of \$111.46, arising out of liquidating dividends and interest distributions on account of a savings account, Citizens Camp—00652, maintained by Helen Liedelich, also known as Helene Liedelich, with the aforesaid bank and trust company, and any and all rights to demand, enforce and collect the aforesaid debt or other obligation, together with those certain checks drawn for payment of the aforesaid debt or other obligation, said checks drawn by W. J. Begnaud, payable to Mrs. Helene Liedelich and drawn on the National Bank of Commerce in New Orleans, New Orleans, Louisiana, numbered, dated, and in the amounts as follows:

Number	Date	Amount
18178	Apr. 30, 1948	\$12.45
14244	do	19.45
12784	do	35.00
12816	Aug. 1, 1945	23.33
A12878	Aug. 4, 1947	7.11
B12863	Dec. 26, 1947	3.56
C12863	Apr. 26, 1948	3.56

and presently in the custody of J. Edgar Moore, George E. Burgess and John F. Finke, State Bank Commissioners, 1202 Canal Bank Building, New Orleans 12, Louisiana, together with all rights in, to and under, including particularly, but not limited to, the right to possession and presentation for collection and payment of, the aforesaid checks,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by Helen Liedelich, also known as Helene Liedelich, the

aforesaid national of a designated enemy country (Germany);

6. That the property described as follows: That certain debt or other obligation of the Canal Bank and Trust Company in liquidation, New Orleans, Louisiana, in the amount of \$86.52, arising out of liquidating dividends and interest distributions on account of a deposit account maintained by Dresdner Bank, with the aforesaid bank and trust company, and any and all rights to demand, enforce and collect the aforesaid debt or other obligation, together with those certain checks drawn for payment of the aforesaid debt or other obligation, said checks drawn by W. J. Begnaud, payable to Dresdner Bank, and drawn on the National Bank of Commerce in New Orleans, New Orleans, Louisiana, numbered, dated, and in the amounts as follows:

Number	Date	Amount
11609	Apr. 30, 1948	\$18.29
10730	do	32.91
10788	Aug. 1, 1945	21.94
A10788	Aug. 4, 1947	6.69
B10824	Dec. 26, 1947	3.35
C10824	Apr. 26, 1948	3.34

and presently in the custody of J. Edgar Moore, George E. Burgess and John F. Finke, State Bank Commissioners, 1202 Canal Bank Building, New Orleans 12, Louisiana, together with all rights in, to and under, including particularly, but not limited to, the right to possession and presentation for collection and payment of, the aforesaid checks,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by Dresdner Bank, the aforesaid national of a designated enemy country (Germany);

7. That the property described as follows:

a. That certain debt or other obligation of the Canal Bank and Trust Company in liquidation, New Orleans, Louisiana, in the amount of \$291.45, arising out of liquidating dividends and interest distributions on account of a deposit account maintained by Werner Rischbieth, with the aforesaid bank and trust company, and any and all rights to demand, enforce and collect the aforesaid debt or other obligation, together with those certain checks drawn for payment of the aforesaid debt or other obligation, said checks drawn by W. J. Begnaud, payable to Werner Rischbieth and drawn on the National Bank of Commerce in New Orleans, New Orleans, Louisiana, numbered, dated, and in the amounts as follows:

Number	Date	Amount
8029	Apr. 30, 1948	\$61.60
8032	do	110.87
8075	Aug. 1, 1945	73.91
A8075	Aug. 4, 1947	22.53
B8109	Dec. 26, 1947	11.27
C8109	Apr. 26, 1948	11.27

and presently in the custody of J. Edgar Moore, George E. Burgess and John F. Finke, State Bank Commissioners, 1202 Canal Bank Building, New Orleans 12,

Louisiana, together with all rights in, to and under, including particularly, but not limited to, the right to possession and presentation for collection and payment of, the aforesaid checks, and

b. That certain debt or other obligation owing to Werner Rischbieth by the National Bank of Commerce in New Orleans, Louisiana, arising out of a checking account, entitled Werner Rischbieth, maintained at the aforesaid bank, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of, or on account of, or owing to, or which is evidence of ownership or control by Werner Rischbieth, the aforesaid national of a designated enemy country (Germany);

8. That the property described as follows: That certain debt or other obligation of the Canal Bank and Trust Company in liquidation, New Orleans, Louisiana, in the amount of \$74.26, arising out of liquidating dividends and interest distributions on account of a deposit account maintained by T. Watanabe, with the aforesaid bank and trust company, and any and all rights to demand, enforce and collect the aforesaid debt or other obligation, together with those certain checks drawn for payment of the aforesaid debt or other obligation, said checks drawn by W. J. Begnaud, payable to T. Watanabe, and drawn on the National Bank of Commerce in New Orleans, New Orleans, Louisiana, numbered, dated, and in the amounts as follows:

Number	Date	Amount
10790	Apr. 30, 1948	\$15.70
9062	do	28.25
10007	Aug. 1, 1947	18.83
A10007	Aug. 4, 1947	5.74
B10043	Dec. 26, 1947	2.87
C10043	Apr. 26, 1948	2.87

and presently in the custody of J. Edgar Moore, George E. Burgess and John F. Flnke, State Bank Commissioners, 1202 Canal Bank Building, New Orleans 12, Louisiana, together with all rights in, to and under, including particularly, but not limited to, the right to possession and presentation for collection and payment of, the aforesaid checks,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by T. Watanabe, the aforesaid national of a designated enemy country (Japan);

and it is hereby determined:

9. That to the extent that the persons named in subparagraphs 1, 2 and 3 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany);

10. That to the extent that the person named in subparagraph 4 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Japan).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on July 12, 1950.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Acting Director,
Office of Alien Property.

[F. R. Doc. 50-6586; Filed, July 26, 1950; 8:53 a. m.]

[Vesting Order 14870]

JOACHIM SEDLMAYR

In re: Rights of Joachim Sedlmayr under an agreement. F-28-29192-C-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Joachim Sedlmayr, on or since the effective date of Executive Order 8389, as amended, and on or since December 11, 1941, has been a resident of Germany and is a national of a designated enemy country (Germany);

2. That the property described as follows: All rights and interests created in Joachim Sedlmayr under and by virtue of an agreement between Hill & Tibbitts, Inc., 1114 Vermont Avenue NW., Washington 5, D. C., and said Joachim Sedlmayr, accepted by said Joachim Sedlmayr on August 22, 1940, establishing a credit on the books of the aforesaid Hill & Tibbitts, Inc., in favor of said Joachim Sedlmayr.

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or other-

wise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on July 12, 1950.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Acting Director,
Office of Alien Property.

[F. R. Doc. 50-6587; Filed, July 26, 1950; 8:52 a. m.]

[Vesting Order 14880]

JOHAN HANS FORG ET AL.

In re: Debt owing to Johan Hans Forg, also known as Johan Hans Foerg and others. F-28-30814-C-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That the persons whose names and last known addresses are listed below:

Johan Hans Forg, also known as Johan Hans Foerg, Bad Tölz, Markstr. 28, Schliessfach 51, Oberbayern, Germany.

Rosa Fuchsberger, München 19, Fuetererstr. 22, Bayern, Germany.

Centa Schindler, (13b) München 13, Hohenzollern Str. 114/2, Germany.

are residents of Germany and nationals of a designated enemy country (Germany);

2. That the property described as follows: Those certain debts or other obligations owing to Johan Hans Forg, also known as Johan Hans Foerg, Rosa Fuchsberger and Centa Schindler by Charles E. Gruenberg, 127 N. Dearborn Street, Chicago, Illinois, arising from funds received from the Estate of Otto Mayer, also known as Otto Meyer, deceased, by the aforesaid Charles E. Gruenberg, in behalf of Johan Hans Forg, also known as Johan Hans Foerg, Rosa Fuchsberger and Centa Schindler, heirs-at-law, together with any and all accruals to the aforesaid debts or other obligations, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid nationals of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the persons named in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on July 17, 1950.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Acting Director,
Office of Alien Property.

[F. R. Doc. 50-6592; Filed, July 26, 1950;
8:52 a. m.]

[Vesting Order 14874]

ORLEANA R. E. BOKER

In re: Trust under will of Orleana R. E. Boker, also known as Orleana R. E. Thompson, deceased. Files D-28-1635; E. T. sec. No. 478 and D-28-1635 G-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That George Walden Ellery von Gorrisen and Robert Curt von Gorrisen, whose last known address is Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That all right, title, interest and claim of any kind or character whatsoever of the persons named in subparagraph 1 hereof, to the extent not heretofore vested by Vesting Order 12871, in and to the trust created under the will of Orleana R. E. Boker, also known as Orleana R. E. Thompson, deceased, presently being administered by the Rhode Island Hospital Trust Company, as succeeding trustee, 15 Westminster Street, Providence, Rhode Island,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid nationals of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the persons named in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt

with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on July 12, 1950.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Acting Director,
Office of Alien Property.

[F. R. Doc. 50-6588; Filed, July 26, 1950;
8:52 a. m.]

[Vesting Order 14878]

KAMAICHI ABE

In re: Bank account owned by Kamaichi Abe, also known as Kumaichi Abe. D-39-19296-E-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Kamaichi Abe, also known as Kumaichi Abe, whose last known address is Japan, is a resident of Japan and a national of a designated enemy country (Japan);

2. That the property described as follows: That certain debt or other obligation owing to Kamaichi Abe, also known as Kumaichi Abe, by The United States National Bank of San Diego, San Diego 12, California, arising out of a Savings Account, account number 17408, entitled Kamaichi Abe, maintained at the aforesaid bank, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Japan);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Japan).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on July 17, 1950.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Acting Director,
Office of Alien Property.

[F. R. Doc. 50-6589; Filed, July 26, 1950;
8:52 a. m.]

[Vesting Order 14877]

TOKUTARO CHIBA

In re: Bank account owned by Tokutaro Chiba. F-39-1460-E-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Tokutaro Chiba, whose last known address is Tonl-Mura, Kisen-gun, Iwate, Japan, is a resident of Japan and a national of a designated enemy country (Japan);

2. That the property described as follows: That certain debt or other obligation owing to Tokutaro Chiba, by The United States National Bank of San Diego, San Diego 12, California, arising out of a Savings Account, account number 30021, entitled Tokutaro Chiba, maintained at the aforesaid bank, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Japan);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Japan).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on July 17, 1950.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Acting Director,
Office of Alien Property.

[F. R. Doc. 50-6590; Filed, July 26, 1950;
8:52 a. m.]